UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

[X] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934 or

[ ] Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended ___________________ Commission File Number ___________________

SPHERE 3D CORPORATION
(Exact name of registrant as specified in its charter)

Ontario, Canada	**7373**	**N/A**
(Province or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

240 Matheson Blvd. East
Mississauga, Ontario L4Z 1X1
(416) 749-5999
(Address and telephone number of registrant's principal executive offices)

DL Services, Inc.
Columbia Center
701 Fifth Avenue, Suite 6100
Seattle, Washington 98104-7043
(206) 903-8800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange On Which Registered:
Common Shares	**THE NASDAQ STOCK MARKET LLC**

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

[ ] Annual Information Form [ ] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the registrant's classes of capital or common stock as of the close of the period covered by the annual report: **N/A**

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.
[ ] Yes [X] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
[ ] Yes [ ] No

FORWARD LOOKING STATEMENTS

The Exhibits incorporated by reference into this Registration Statement contain forward-looking statements concerning anticipated developments in the operations of Sphere 3D Corporation (the "Registrant") in future periods, planned exploration activities, the adequacy of the Registrant's financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "plans", "expects," "does not expect", "is expected", "is likely", "budget", "scheduled", " "estimates," "forecasts", "intends", "anticipates", "does not anticipate", "continue", "may", "will", "should", "believes" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those described in the management discussion and analysis for the year ended December 31, 2013 of the Registrant filed as Exhibit 99.2 to this Registration Statement.

The Registrant's forward-looking statements contained in the Exhibits incorporated by reference into this Registration Statement are made as of the respective dates set forth in such Exhibits. Such forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made. In preparing this Registration Statement, the Registrant has not updated such forward-looking statements to reflect any change in circumstances or in management's beliefs, expectations or opinions that may have occurred prior to the date hereof. Nor does the Registrant assume any obligation to update such forward-looking statements in the future. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant prepares its financial statements, which are filed with this report on Form 40-F in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the audit is subject to Canadian auditing and auditor independence standards.

DOCUMENTS FILED PURSUANT TO GENERAL INSTRUCTIONS

In accordance with General Instruction B.(1) of Form 40-F, the Registrant hereby incorporates by reference Exhibit 99.1 through Exhibit 99.84, as set forth in the Exhibit Index attached hereto.

In accordance with General Instruction C.(2) of Form 40-F, the Registrant hereby incorporates by reference Exhibits 99.1, 99.3 and 99.5, the Annual Audited Consolidated Financial Statements of the Registrant for the years ended December 31, 2013 and 2012 and September 30, 2012 and Exhibits 99.2, 99.4 and 99.6, the Registrant's management's discussion and analysis for the years ended December 31, 2013 and 2012 and September 30, 2012, as set forth in the Exhibit Index attached hereto.

In accordance with General Instruction D.(9) of Form 40-F, the Registrant has filed written consents of certain experts named in the foregoing Exhibits as Exhibit 99.85, as set forth in the Exhibit Index attached hereto.

OFF-BALANCE SHEET TRANSACTIONS

The Registrant does not have any off-balance sheet transactions.

CURRENCY

Unless otherwise indicated, all dollar amounts in this registration statement on Form 40-F are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on December 31, 2013, based upon the noon rate of exchange as quoted by the Bank of Canada was U.S.$1.00 = Cdn.$1.0636 or Cdn.$1.00 = U.S.$0.9402.

CONTRACTUAL OBLIGATIONS

The following table lists as of December 31, 2013 information with respect to the Registrant's known contractual obligations:

	< 1 year $	**1 to 3 years** $	**3 to 5 years** $	**More than 5 years** $
Operating Lease Obligations	58,000	79,500	-	-
Total	**58,000**	**79,500**	-	-

Note: Minimum rent related to a five year lease entered into by the Registrant on May 1, 2011 for a 6,000 square foot, free standing building.

UNDERTAKINGS

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

Concurrently with the filing of the Registration Statement on Form 40-F, the Registrant will file with the Commission a written irrevocable consent and power of attorney on Form F-X. Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this registration statement to be signed on its behalf by a duly authorized officer.

SPHERE 3D CORPORATION

/s/ T. Scott Worthington
T. Scott Worthington, Chief Financial Officer

Date: June 26, 2014

EXHIBIT INDEX

The following documents are being filed with the Commission as exhibits to this registration statement on Form 40-F.

Exhibit	Description
	Annual Information
99.1	Consolidated Financial Statements for the years ended December 31, 2013 and 2012
99.2	Management's Discussion and Analysis for the year ended December 31, 2013
99.3	Consolidated Financial Statements for the years ended December 31, 2012 and 2011
99.4	Management's Discussion and Analysis for the year ended December 31, 2012
99.5	Consolidated Financial Statements for the year ended September 30, 2012
99.6	Management's Discussion and Analysis for the year ended September 30, 2012
99.7	Notice of Change in Corporate Structure dated January 28, 2013
99.8	News Release dated February 19, 2013
99.9	News Release dated March 4, 2013
99.10	News Release dated March 6, 2013
99.11	News Release dated March 19, 2013
99.12	Material Change Report dated April 10, 2013
99.13	News Release dated April 18, 2013
99.14	Consolidated Interim Financial Statements for the three months ended March 31, 2013 and 2012
99.15	Management's Discussion and Analysis for the three months ended March 31, 2013
99.16	News Release dated May 28, 2013
99.17	Notice of Record and Meeting Date for Annual and Special Meeting of Shareholders held on September 16, 2013
99.18	News Release dated July 16, 2013
99.19	News Release dated July 16, 2013
99.20	News Release dated July 16, 2013
99.21	Voting Agreement between Mario Biasini and Eric L. Kelly dated as of July 15, 2013
99.22	Letter Agreement between Eric L. Kelly and Sphere 3D Corporation regarding Board Nomination Rights dated July 15, 2013

99.23	Material Change Report dated July 22, 2013
99.24	Consolidated Interim Financial Statements for the three and six months ended June 30, 2013 and 2012
99.25	Management's Discussion and Analysis for the three and six months ended June 30, 2013
99.26	Notice of Annual and Special Meeting of Shareholders held on September 16, 2013
99.27	Management Information Circular dated as of August 9, 2013 in connection with the Annual and Special Meeting of Shareholders held on September 16, 2013
99.28	Form of Proxy for Annual and Special Meeting of Shareholders held on September 16, 2013
99.29	News Release dated September 16, 2013
99.30	News Release dated September 16, 2013
99.31	News Release dated September 16, 2013
99.32	News Release dated October 4, 2013
99.33	News Release dated October 25, 2013
99.34	News Release dated October 25, 2013
99.35	News Release dated October 31, 2013
99.36	Material Change Report dated October 31, 2013
99.37	Material Change Report dated November 12, 2013
99.38	News Release dated November 12, 2013
99.39	Warrant Indenture between Sphere 3D Corporation and Equity Financial Trust Company dated November 12, 2013
99.40	Underwriting Agreement between Sphere 3D Corporation, Cormark Securities Inc., Paradigm Capital Inc. and Jacob Securities Inc. dated November 12, 2013
99.41	Broker Option Certificate dated November 12, 2013
99.42	Broker Option Certificate dated November 12, 2013
99.43	Broker Option Certificate dated November 12, 2013
99.44	Consolidated Interim Financial Statements for the three and nine months ended September 30, 2013 and 2012
99.45	Management's Discussion and Analysis for the three and nine months ended September 30, 2013
99.46	News Release dated January 15, 2014
99.47	News Release dated February 11, 2014
99.48	News Release dated February 12, 2014
99.49	News Release dated February 19, 2014
99.50	Material Change Report dated February 20, 2014
99.51	News Release dated February 24, 2014
99.52	News Release dated March 7, 2014
99.53	News Release dated March 14, 2014
99.54	Material Change Report dated March 17, 2014
99.55	News Release dated March 21, 2014
99.56	News Release dated March 21, 2014
99.57	Notice of Record and Meeting Dates for the Annual and Special Meeting of Shareholders to be held on May 27, 2014
99.58	Material Change Report dated March 25, 2014
99.59	Asset Purchase Agreement by and among V3 Systems, Inc., V3 Systems Holdings, Inc. and Sphere 3D Corporation dated February 11, 2014

99.60	Convertible Debenture dated March 21, 2014
99.61	News Release dated April 3, 2014
99.62	News Release dated April 14, 2014
99.63	Material Change Report dated April 14, 2014
99.64	News Release dated April 23, 2014
99.65	Notice of Annual and Special Meeting of Shareholders dated April 25, 2014
99.66	Management Information Circular dated as of April 25, 2014
99.67	Form of Proxy
99.68	News Release dated May 15, 2014
99.69	News Release dated May 16, 2014
99.70	Promissory Note dated May 15, 2014
99.71	Overland Storage, Inc. Voting Agreement and Irrevocable Proxies dated May 15, 2014
99.72	Agreement and Plan of Merger by and among Sphere 3D Corporation, Overland Storage, Inc. and S3D Acquisition Company dated as of May 15, 2014
99.73	Material Change Report dated May 21, 2014
99.74	News Release dated May 22, 2014
99.75	News Release dated May 27, 2014
99.76	News Release dated May 28, 2014
99.77	Sphere 3D Corporation Voting Agreement and Irrevocable Proxies dated May 15, 2014
99.78	Management's Discussion and Analysis for the three months ended March 31, 2014
99.79	Consolidated Interim Financial Statements for the three months ended March 31, 2014 and 2013
99.80	Underwriting Agreement between Sphere 3D Corporation, Cormark Securities Inc., Paradigm Capital Inc. and Jacob Securities Inc. dated June 5, 2014
99.81	Warrant Indenture between Sphere 3D Corporation and Equity Financial Trust Company dated June 5, 2014
99.82	Special Warrant Indenture between Sphere 3D Corporation and Equity Financial Trust Company dated June 5, 2014
99.83	News Release dated June 5, 2014
99.84	News Release dated June 23, 2014
	Consents
99.85	Consent of Collins Barrow Toronto LLP

SPHERE 3D CORPORATION

(Formerly T.B. Mining Ventures Inc.)

For the Years Ended December 31, 2013, and December 31, 2012

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying annual consolidated financial statements of Sphere 3D Corporation ("Sphere 3D" or the "Company") have been prepared by management in accordance with International Financial Reporting Standards and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide assurance that transactions are authorized, assets safeguarded and proper records maintained.

The Audit Committee of the Board of Directors has reviewed with the Company's independent auditors the scope and results of the annual audit and the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, Collins Barrow Toronto LLP are appointed by the shareholders to conduct an audit in accordance with Canadian generally accepted auditing standards and their report follows.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR") AND DISCLOSURE CONTROLS AND PROCEDURES ("DCP")

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and management are not required to include representations relating to the establishment and/or maintenance of DCP and/or ICFR, as defined in NI 52-109.

"Peter Tassiopoulos"
…………………………………….
Peter Tassiopoulos
Chief Executive Officer

Mississauga, Ontario
April 28, 2014

"*Scott Worthington*"
…………………………………….
Scott Worthington
Chief Financial Officer

Mississauga, Ontario
April 28, 2014

Collins Barrow
Chartered Accountants

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700, Box 27
Toronto, Ontario
M5H 4C7 Canada

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Sphere 3D Corporation

We have audited the accompanying consolidated financial statements of Sphere 3D Corporation and its subsidiaries which comprise the consolidated financial position as at December 31, 2013 and December 31, 2012 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2013 and December 31, 2012 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sphere 3D Corporation as at December 31, 2013 and December 31, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and December 31, 2012 in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
April 25, 2014
Toronto, Ontario

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an independent member of BAKER TILLY INTERNATIONAL

Sphere 3D Corporation

(Formerly T.B. Mining Ventures Inc.)
Consolidated Statements of Financial Position
As at
(Expressed in Canadian Dollars)

		December 31, 2013		December 31, 2012
Assets				
Current				
Cash and cash equivalents	**$**	**5,550,788**	$	1,633,334
Investments		**312,823**		10,203
Loans		**203,641**		-
Subscriptions receivable		-		150,035
Sales tax recoverable		**95,088**		78,319
Amounts receivable		-		54,729
Inventory		**136,591**		-
Advance equipment payments		**397,702**		-
Prepaid and sundry assets		**142,361**		105,401
		6,838,994		2,032,021
Capital assets (note 5)		**389,119**		358,127
Investment		-		101,821
Intangible assets (note 6)		**1,668,079**		718,750
	$	**8,896,192**	$	3,210,719
Liabilities				
Current				
Trade and other payables (note 7)	**$**	**478,282**	$	303,218
Deferred revenue		**504,488**		-
		982,770		303,218
Shareholders' Equity				
Common share capital (note 9)		**12,085,781**		5,409,488
Other equity (note 10)		**1,715,151**		1,007,500
Deficit		**(5,887,510)**		(3,509,487)
		7,913,422		2,907,501
	$	**8,896,192**	$	3,210,719

Nature of operations (note 1)
Commitment and contingencies (note 12)
Subsequent events (note 16)

Approved by the Board ***"Glenn Bowman"*** Director ***"Peter Tassiopoulos"*** Director

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation

(Formerly T.B. Mining Ventures Inc.)
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	December 31 2013	December 31 2012
Revenue	**$ -**	$ 409,347
Expenses		
Cost of goods sold	**-**	356,688
Salaries and consulting	**1,433,993**	1,179,711
Professional fees	**143,362**	380,762
General and administrative	**283,707**	291,745
Technology development	**28,985**	41,773
Listing fees (note 8)	**-**	382,777
Regulatory fees	**221,676**	42,405
Amortization of patents	**3,492**	1,250
Amortization of property and equipment	**222,124**	174,391
	2,337,339	2,851,502
Loss from operations	**(2,337,339)**	(2,442,155)
Finance income (expenses)		
Interest income	**4,206**	117
Interest expense	**(2,770)**	(19,267)
Investment holding loss	**(36,947)**	-
Foreign exchange loss	**(5,173)**	-
	(40,684)	(19,150)
Net loss and comprehensive loss for the year	**$ (2,378,023)**	$ (2,461,305)
Loss per share		
Basic and diluted	**$ (0.14)**	$ (0.21)
Weighted average number of common shares	**17,330,942**	11,918,124

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation

(Formerly T.B. Mining Ventures Inc.)
Consolidated Statements of Changes in Equity
For the years ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	Number of common shares	Number of preferred shares	Common share capital	Preferred share capital	Other Equity	Deficit	**Total**
Balance at December 31, 2011[1]	10,600,000	500,000	$ 2,411,832	$ 2,500	$ 25,000	$ (1,048,182)	$ 1,391,150
Issuance of common shares	4,116,913	-	3,431,792	-	-	-	3,431,792
Share issuance costs	-	-	(373,511)	-	-	-	(373,511)
Issuance of warrants	-	-	(712,500)	-	712,500	-	
Share-based payments	23,529	-	20,000	-	-	-	20,000
Share based compensation – Employee stock options	-	-	-	-	270,000	-	270,000
Conversion of debt	117,647	-	100,000	-	-	-	100,000
Conversion of preferred shares	500,000	(500,000)	2,500	(2,500)	-	-	
Shares issued for acquisition of T.B. Mining Ventures Inc.	756,250	-	529,375	-	-	-	529,375
Comprehensive loss for the period	-	-	-	-	-	(2,461,305)	(2,461,305)
Balance at December 31, 2012[1]	16,114,339	-	$ 5,409,488	$ -	$ 1,007,500	$ (3,509,487)	$ 2,907,501
Issuance of common shares	1,250,000	-	4,187,500	-	-	-	4,187,500
Share issuance costs	-	-	(441,178)	-	-	-	(441,178)
Issuance of warrants	-	-	(860,000)	-	860,000	-	-
Exercise of warrants	2,784,840	-	3,844,720	-	(1,154,528)	-	2,690,192
Issuance of warrants on exercise	-	-	(703,000)	-	703,000	-	-
Exercise of options	180,001	-	148,251	-	(20,500)	-	127,751
Share-based payments	769,231	-	500,000	-	-	-	500,000
Share based compensation – Employee stock options	-		-		319,679	-	319,679
Comprehensive loss for the period	-	-	-	-	-	(2,378,023)	(2,378,023)
Balance at December 31, 2013	21,098,411		$ 12,085,781	$ -	$ 1,715,151	$ (5,887,510)	$ 7,913,422

[1]Represents the legal capital of Sphere 3D Inc. (the accounting acquirer). The legal capital of T.B. Mining Ventures Inc. (the legal acquirer) was 3,025,000 common shares.

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
(Formerly T.B. Mining Ventures Inc.)
Consolidated Statements of Cash Flows
For the years ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	December 31, 2013	December 31, 2012
Cash flow from operating activities		
Net comprehensive loss for the period	**$ (2,378,023)**	$ (2,461,305)
Items not affecting cash:		
Amortization	**225,616**	175,641
Listing fee	-	382,777
Stock based compensation	**319,679**	270,000
Expenses paid through stock issuances	**102,298**	120,000
Investment holding loss	**36,947**	-
Accrued interest	**(4,179)**	(110)
Change in working capital:		
Change in sales tax recoverable	**(16,769)**	44,415
Change in amounts receivables	**54,729**	178,596
Change in inventory	**(136,591)**	21,078
Change in prepaid and sundry assets	**(36,960)**	49,427
Change in trade and other payables	**175,064**	(14,269)
Change in deferred revenue	**270,921**	(30,070)
Net cash used in operating activities	**(1,153,701)**	(1,263,820)
Cash flow from investing activities		
Reverse take-over of T.B. Mining Ventures Inc.	-	51,277
Acquisition of capital assets	**(253,116)**	(145,063)
Loans	**(203,641)**	
Investment in technology	**(952,821)**	(25,000)
Net cash used in investing activities	**(1,643,145)**	(118,786)
Cash flow from financing activities		
Exercise of warrants and options	**2,817,943**	-
Proceeds from sale of common shares, net of issue costs	**3,896,357**	2,857,846
Net cash used financing activities	**6,714,300**	2,857,846
Net increase in cash and cash equivalents	**3,917,454**	1,475,240
Cash and cash equivalents at opening	**1,633,334**	158,094
Cash and cash equivalents at closing	**$ 5,550,788**	$ 1,633,334

See accompanying notes, which are an integral part of these financial statements

1. NATURE OF OPERATIONS

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 as T.B. Mining Ventures Inc. The Company is listed on the TSXV, under the trading symbol “ANY” and the OTC-QX, under the trading symbol “SPIHF” and has its main and registered office of the Company located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

On December 21, 2012, the Company completed its Qualifying transaction (the “Transaction”) with Sphere 3D Inc. (“Sphere 3D”) and changed its name to Sphere 3D Corporation. The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange (see note 8). Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation (formerly T.B. Mining Ventures Inc.), are included from the date of the reverse takeover.

Sphere 3D Inc. is a technology development company focused on establishing its patent pending emulation and virtualization technology. These consolidated statements include the financial statements of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company will have to raise additional capital to fund operations until such point that revenues from products and technology are able to fund operations. If the Company is not able to raise sufficient capital then there is the risk that the Company will not be able to realize the value of its assets and discharge its liabilities. To date the Company has been successful raising capital in fiscal 2012 and 2013. These proceeds are used to fund operations of the Company.

2. STATEMENT OF COMPLIANCE

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Financial Statements were approved by the Company’s Board of Directors on April 18, 2014

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements as at and for the periods ended December 31, 2013 and 2012, unless otherwise indicated.

The consolidated financial statements comprise the accounts of the Company, and its controlled subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(a) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are noted below with further details of the assumptions in the following notes:

(i) Share-based payments

When charges for share-based payments are based on the equity instrument granted, the fair value is calculated at the date of the award. The equity instruments are valued using Black-Scholes; inputs to the model include assumptions on share price volatility, discount rates and expected life outstanding.

(ii) Investment in technology

The recoverability of the investment in technology is dependent on the future realization of cash flows from amounts spent.

(iii) Property and equipment

The useful lives of property and equipment is estimated based on the length of use of the assets by the Company.

3. Significant Accounting Policies (continued)

(a) Use of estimates and judgements (continued)

(iv) Income taxes

Tax interpretations, regulations and legislation in the jurisdiction in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realised from future taxable earnings.

(b) Foreign currency

The functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial instruments comprise of cash and cash equivalents, investments, loans, subscriptions receivable and trade and other payables. Non-derivatives financial instruments are recognised initially at the fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(ii) Cash, cash equivalents and investments

Cash and cash equivalents comprise cash on hand, term deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management, whereby management has the ability and intent to net bank overdrafts against cash, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(ii) Cash, cash equivalents and investments (continued)

Investments comprise highly liquid investments, in the form of guaranteed investment certificates, with maturities greater than three months but with cashable features. Investments have been used to secure the Company's credit rating and are therefore separated from cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition the transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has designated cash and cash equivalents and investments at fair value.

(iv) Other

Other non-derivative financial instruments, such as trade and other payables, are measured at amortized cost using the effective interest method, less any impairment losses.

(d) Capital assets

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

3. Significant Accounting Policies (continued)

(d) Property and equipment (continued)

(iii) Amortization

Amortization is calculated as the cost of the asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computer hardware - 3 years
- Furniture and fixtures - 5 years
- Marketing and Web Development - 2 years
- Leasehold improvements - over the term of the lease

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for amortization methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

(e) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(f) Trade and other payables

Trade and other payables are stated at cost.

(g) Balance sheet

Assets and liabilities expected to be realised in, or intended for sale or consumption in, the Company’s normal operating cycle, usually equal to 12 months, are recorded as current assets or liabilities.

(h) Statement of cash flows

The Company prepares its Statement of Cash Flows using the indirect method.

3. Significant Accounting Policies (continued)

(i) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of comprehensive loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets referred to as a cash generating unit (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less cost to disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from sales.

3. Significant Accounting Policies (continued)

(i) Impairment

(ii) Non-financial assets (Cont'd)

Fair value less costs of disposal to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost of disposal is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(j) Intangible assets

(i) Patents

Costs to obtain patents are capitalized and are amortized to operations on a straight-line basis over the underlying term of the patents, which is 20 years, commencing upon the registration of the patent.

(ii) Investment in Technology

The investment in technology consists of consideration paid for the acquisition of the technology. Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use, which has not yet commenced.

3. Significant Accounting Policies (continued)

(j) Intangible assets (continued)

(iii) Research and Development Costs

Research costs are charged to income when incurred.

Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. As of July, 2013, the Company has met the requirements for deferral of these expenses and has commenced capitalization of development costs incurred relating to its investment in technology. Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use, which has not yet commenced.

Investment Tax Credits ("ITCs") earned as a result of incurring Scientific Research and Experimental Development ("SRED") expenditures are recorded as a reduction of the related current period expense, the related deferred development costs or related capital assets. Management records ITC's when there is reasonable assurance of collection. To date, management has not recorded any amounts related to ITC’s.

(k) Share capital – common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(l) Share based payments

The grant date fair value of options awarded to employees, directors, and service providers is measured using the Black-Scholes option pricing model and recognised in the statement of comprehensive loss, with corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon exercise of the option, consideration received, together with the amount previously recognised in contributed surplus, is recorded as an increase to share capital.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. Significant Accounting Policies (continued)

(m) Revenue

Revenue is recorded when persuasive evidence of an agreement exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, price is fixed and determinable, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, the distribution of the media has occurred and collectability is reasonably assured and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. Revenue is deferred when the Company has received the cash and has a further obligation to the customer. The revenue is then recognized when the Company has fulfilled that obligation.

(n) Finance income and expenses

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gain and losses, reported under finance income and expenses, are reported on a net basis.

(o) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Significant Accounting Policies (continued)

(n) Income taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Loss per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options and warrants. The dilutive effect on earnings per share is recognised on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. At year end, the effect of stock options and warrants was anti-dilutive.

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses.

(q) Contingent liability

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

(r) Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2013. Many are not applicable to, or do not have a significant impact on, the Corporation and have been excluded from the table below.

3. Significant Accounting Policies (continued)

(r) Change in accounting policies (continued)

(i) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB inMay 2011. IFRS 10 is a new standard that identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control consists of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(ii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard that focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(iii) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard that provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and of balance sheet vehicles. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(iv) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard that provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

Fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;

Financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;

Disclosure regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13 and further guidance has been added to the determination of classes of assets and liabilities;

A quantitative sensitivity analysis must be provided for financial instruments measured at fair value;

A narrative must be provided discussing the sensitivity of fair value measurement categorized under Level 3 of the fair value hierarchy to significant unobservable inputs; and

Information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

3. Significant Accounting Policies (continued)

(r) Change in accounting policies (continued)

At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements given the existing asset and liability mix of the Company to which fair value accounting applies.

(v) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(vi) IAS 27 – Separate Financial Statements

IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(vii) IAS 28 – Investments in Associates and Joint Ventures

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(s) Future accounting pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

3. Significant Accounting Policies (continued)

(s) Future accounting pronouncements (continued)

i) IFRS 9 – Financial Instruments

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 - Financial

Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018. Earlier application is permitted.

ii) IAS 32 – Financial Instruments

IAS 32 Financial Instruments: Presentation was amended by the IASB in December 2011. Offsetting Financial Assets and Financial Liabilities amendment addresses inconsistencies identified in applying some of the offsetting criteria. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

iii) IAS 36 – Impairment of Assets

IAS 36 Impairment of Assets was amended by the IASB in June 2013. Recoverable Amount Disclosures for Non-Financial Assets amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when the entity has already applied IFRS 13.

4. Determination of Fair Value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4. Determination of Fair Value (continued)

(a) Cash and cash equivalents, investments and trade and other payables.

The fair value of cash and cash equivalents, investments and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2013 and December 31, 2012, the fair value of these balances approximated their carrying value due to their short term to maturity.

(b) The fair value of stock options and warrants are measured using a Black -Scholes, option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option and warrant holder behaviour) and the risk-free interest rate (based on government bonds).

The carrying value of amounts receivable, loans and trade and other payables included in the financial position approximate fair value due to the short term nature of those instruments.

The following tables provide fair value measurement information for financial assets and liabilities as of December 31, 2013 and 2012.

			Fair value measurements using		
December 31, 2013	Carrying amount	Fair value	Quoted prices in Active Market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Cash and cash equivalents	$ 5,550,788	$ 5,550,788	$ 5,550,788	$ -	$ -
Investments	$ 312,823	$ 312,823	$ 312,823	$ -	$ -

			Fair value measurements using		
December 31, 2012	Carrying amount	Fair value	Quoted prices in Active Market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Cash and cash equivalents	$ 1,633,334	$ 1,633,334	$ 1,633,334	$ -	$ -
Investments	$ 10,203	$ 10,203	$ 10,203	$ -	$ -
Long term Investments	$ 101,821	$ 101,821	$ 101,821	$ -	$ -

4. Determination of Fair Value (continued)

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are those with inputs for the asset or liability that are not based on observable market data.

5. Capital assets

Cost	Computer Hardware	Furniture and Fixtures	Marketing & Web Development	Leaseholds	Total
Balance at December 31, 2011	$ 372,506	$ 2,463	$ -	$ 75,009	$ 449,978
Additions	137,178	4,000	-	3,885	145,063
Disposals	-	-	-	-	-
Balance at December 31, 2012	509,684	6,463	-	78,894	595,041
Additions	148,895	-	104,220	-	253,115
Disposals			-		
Balance at December 31, 2013	$ 658,579	$ 6,463	$ 104,220	$ 78,894	$ 848,156

Accumulated Depreciation	Computer Hardware	Furniture and Fixtures	Marketing & Web Development	Leaseholds	Total
Balance at December 31, 2011	$ 57,240	$ 123	$ -	$ 5,160	$ 62,523
Additions	157,851	826		15,714	174,391
Disposals	-	-	-	-	-
Balance at December 31, 2012	215,091	949	-	20,874	236,914
Additions	183,977	1,293	21,075	15,778	222,123
Disposals	-	-		-	-
Balance at December 31, 2013	$ 399,068	$ 2,242	$ 21,075	$ 36,652	$ 459,037
Net book value as at December 31, 2012	$ 294,593	$ 5,514	$ -	$ 58,020	$ 358,127
Net book value as at December 31, 2013	$ 259,511	$ 4,221	$ 83,145	$ 42,242	$ 389,119

6. Intangible assets

(i) Investment in technology

On December 31, 2010, the Company acquired all rights and assets related to the emulation and virtualization technology from Promotion Depot Inc., in a non-arms length transaction, in exchange for 1,000,000 shares of the Company's common stock. Since the fair value of the assets received are not readily determinable, the investment was valued based on the $695,000 fair value of the shares received by Promotion Depot Inc. The technology acquired is still in the development stage and not in commercial use. As such, amortization of this asset has not commenced.

As of July 2013, the Company met the requirements for the deferral of development costs, under IFRS, and has commenced capitalizing the development costs incurred during the period. The technology acquired is still in the development stage and not in commercial use. As such, amortization of this asset has not commenced.

(ii) Patents

During the year ended December 31, 2013, the Company filed 6 patents based on its technology, in addition to the 3 preliminary patents, filed on January 16, 2012, based on the technology acquired in the investment in technology.

Cost	Investment in technology	Patents	Total
Balance at December 31, 2011	$ 695,000	$ -	$ 695,000
Additions	-	25,000	25,000
Disposals	-	-	-
Balance at December 31, 2012	695,000	25,000	720,000
Additions	885,250	67,571	952,821
Disposals	-	-	-
Balance at December 31, 2013	$ 1,580,250	$ 92,571	$ 1,672,821

Accumulated amortization	Investment in technology	Patents	Total
Balance at December 31, 2011	$ -	$ -	$ -
Additions	-	1,250	1,250
Disposals	-	-	-
Balance at December 31, 2012	-	1,250	1,250
Additions	-	3,492	3,492
Disposals	-	-	-
Balance at December 31, 2013	$ -	$ 4,742	$ 4,742
Net book value as at December 31, 2012	$ 695,000	$ 23,750	$ 718,750
Net book value as at December 31, 2013	$ 1,580,250	$ 87,829	$ 1,668,079

7. Trade and other payables

		December 31 2013		December 31 2012
Trade payables	**$**	**161,337**	$	251,845
Non-trade payables and accrued expenses		**316,945**		51,373
	$	**478,282**	$	303,218

8. The Transaction

The Company completed the Transaction on December 21, 2012, pursuant to a definitive amalgamation agreement dated August 31, 2012. The Transaction constitutes a reverse takeover of the Company but does not meet the definition of a business combination, and therefore, *IFRS 3 Business Combinations* is not applicable. As a result and in accordance with reverse take-over accounting for a transaction that is not considered a business combination:

Sphere 3D Corporation (formerly T.B. Mining Ventures) is treated as the acquiree and Sphere 3D Inc. is treated as the acquirer. As a result, the amalgamated entity is deemed to be a continuation of Sphere 3D Inc. and Sphere 3D Inc. is deemed to have acquired control of the assets and business of the Company with the consideration of the issuance of capital, and therefore *IFRS 2 Share-based Payment*, is applicable.

Under the terms of the Amalgamation Agreement, T.B. Mining Ventures was required to consolidate (the “Consolidation”) its securities on a four (4) for one (1) exchange ratio. As of the date of the Transaction there were 756,250 T.B. Mining Shares issued and outstanding as fully paid and non-assessable, after giving effect to the Consolidation.

The fair value of the consideration issued for the net assets of the Company is as follows:

	$
756,250 common shares valued at $0.70 per share	529,375

Allocated to net asset value (at December 21, 2012):	$
Cash and cash equivalents	51,277
Long term investment	101,821
Accounts payable	(6,500)
Net assets	146,598
Cost of listing (expensed)	382,777
	529,375

The purchase price is recorded as an increase in share capital of $529,375

Transaction costs associated with the Reverse Takeover Transaction which amounted to $124,126 and the cost of listing of $382,777 have been recorded as an expense.

9. Share Capital Authorized an unlimited number of common shares

Issued and outstanding

	Number of Shares		Value
Balance, December 31, 2011	10,600,000	$	2,411,832
Issued for cash (net of cash fees of $373,541)	4,116,913		3,058,281
Less: Proceeds allocated to warrants			(600,000)
Brokers warrants	-		(112,500)
Issued for services rendered	23,529		20,000
Issued on conversion of debt	117,647		100,000
Issued on conversion of preferred shares	500,000		2,500
Reverse takeover transaction (note 8)	756,250		529,375
Balance, December 31, 2012	16,114,339	$	5,409,488
Issued for cash (net of cash fees of $441,178)	1,250,000		3,746,322
Less: Proceeds allocated to warrants			(775,000)
Brokers warrants			(85,000)
Issued on exercise of warrants	2,784,840		3,844,720
Warrants issued on exercise			(703,000)
Issued on exercise of options	180,001		148,251
Issued for future services	769,231		500,000
Balance, December 31, 2013	21,098,411	$	12,085,781

(i) On January 13, 2012, the Company issued 450,571 shares of common stock for cash proceeds of $315,400, less cash fees of $29,650. In connection with this transaction, the Company issued broker warrants to purchase 65,028 shares of common stock, at $0.70 per share, for a period of three years. The broker warrants were valued at $19,000. The brokers warrants have been valued based on the equity instruments granted.

(ii) As a condition to the Amalgamation, Sphere 3D completed a private placement of Sphere 3D Units (the "Financing") with gross proceeds of $3,116,642. Each Sphere 3D Unit consisted of one Sphere 3D Share and one Sphere 3D Warrant, entitling the holder to purchase one Sphere 3D Share at an exercise price of $1.00 per Sphere 3D Share within two years of the completion of the Qualifying Transaction.

9. Share Capital (continued)

Issued and outstanding (continued)

(ii) (continued)

The Financing was completed in five tranches, as follows:

	Date	Number of Units		Gross Proceeds		Cash Fees		Value of Warrants
(i)	July 26, 2012	1,141,976	$	970,680	$	147,800	$	180,000
(ii)	October 30, 2012	1,540,003		1,309,003		132,588		245,000
(iii)	November 13, 2012	324,300		275,655		28,282		70,000
(iv)	December 13, 2012	476,163		404,739		21,800		75,746
(v)	December 14, 2012	183,900		156,315		13,421		29,254
		3,666,342	$	3,116,392	$	343,891	$	600,000

In addition, at the same time as the November 13, 2012 closing, Sphere 3D issued 117,647 Units in settlement of a debt of $100,000. The value of the Sphere 3D PP Warrants issued in this debt conversion was $19,000.

In connection with the Financing, the Company paid to the Agent, Jennings Capital Ltd., commissions in the amount of 8% of gross proceeds, and issued 325,925 Sphere 3D Broker Unit Warrants (10% of the brokered securities sold in the Financing). The brokers warrants have been valued based on the equity instruments granted. In addition, the Company paid the Agent a corporate finance fee of $20,000 (through the issue of 23,529 shares of Sphere 3D).

The Broker Unit Warrants are exercisable into Sphere 3D Units at an exercise price of $0.85 per unit within two years of closing of the Financing. Each Sphere 3D Unit consists of a Sphere 3D Share and a Sphere 3D PP Warrant. The Sphere 3D Broker Unit Warrants issued for the five tranches were valued at $33,000, $44,500, $8,000, $4,000 and $4,000 respectively, using the Black-Scholes model.

The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions:

		Broker Warrants	Investor Warrants	Broker Unit Warrants
(I)	dividend yield	0%	0%	0%
(II)	expected volatility	60%	60%	60%
(III)	a risk free interest	1.71%	1.28%	1.07%
(IV)	an expected life	3 years	2 years	2 years
(V)	a share price	$0.70	$0.70	$0.85
(VI)	an exercise price	$0.70	$1.00	$0.85

Expected volatility was based on comparable companies.

9. Share Capital (continued)

Issued and outstanding (continued)

(iii) On July 15, 2013, in connection with a supply agreement (the "Supplier Agreement") with Overland Storage, Inc., the Company issued 769,231 shares of common stock, with a value of $500,000, to Overland Storage Inc. ("Overland") as a prepayment for systems infrastructure. Pursuant to the Supplier Agreement entered into between Overland and the Company, the Company has agreed to pay for up to $1.5 million of cloud infrastructure equipment purchases from Overland in the form of common shares in the capital of the Company (the "Common Shares") as follows: (i) 769,231 Common Shares at a fair value of $0.65, having a value of $500,000 were issued on Closing; and (ii) that number of Common Shares equal to $500,000 divided by the 10 trading day average of the closing price per share of Common Shares ending 3 trading days prior to each of the first and second year anniversary date of the Supply Agreement, to a maximum of 769,231 Common Shares on each date having a value of $500,000. Such Sphere 3D shares are subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws. The equipment purchased has been included in inventory and advance equipment payments.

(iv) On November 12, 2013, the Company closed an underwritten financing for the sale of 1,250,000 units, at a price of $3.35 per unit of gross proceeds of $4,187,500.

Each Unit consisted of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each full warrant, a "Warrant"), each full Warrant being exercisable to acquire one Common Share at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants are subject to an acceleration clause whereby should the Common Shares trade at $6.00 or more for more than 10 consecutive trading days on the TSX Venture Exchange or other principal exchange, the Company has the right to issue notice to the warrant holders to accelerate the exercise period to a period ending 20 trading days from the date of notice. The warrants were valued at $775,000.

The Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering, were reimbursed for fees and expenses incurred in connection with the Offering, and received compensation warrants (the "Broker Warrants") to acquire Common Shares equal to 8% of the number of Units sold under the Offering. Each Broker Warrant is exercisable at $3.35 per common share for a period of 24 months from the closing date. The broker warrants were valued at $85,000.

The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions:

		Investor Warrants	Broker Unit Warrants
(I)	dividend yield	0%	0%
(II)	expected volatility	60%	60%
(III)	a risk free interest	1.71%	1.71%
(IV)	an expected life	2 years	2 years
(V)	a share price	$4.73	$3.35
(VI)	an exercise price	$4.50	$3.35

Expected volatility was based on comparable companies.

9. Share Capital (continued)

Escrowed shares

With the completion of the Transaction and the Company's subsequent listing on the TSXV, certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	Surplus Share Escrow Number	**%**	**Value Share Escrow Number**	**%**	**Total Number**	**%**
Balance at December 21, 2012	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012[1]	232,750	5	430,625	10	663,375	7
Balance at December 31, 2012	4,422,250	95	3,875,625	90	8,297,875	93
Released - June 27, 2013	232,750	5	645,937	15	878,687	10
Released - December 27, 2013	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at December 31, 2013	3,724,000	80	2,583,751	60	6,307,751	70
Future releases						
June 27, 2014	465,500	10	645,937	15	1,111,437	13
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	27
Total future releases	**3,724,000**	**80**	**2,583,751**	**60**	**6,307,751**	**70**

(1) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release dates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

9. Share Capital (continued)

Stock Options

i. On January 16, 2012, the shareholders of the Company approved the establishment of an Employee Stock Option Plan. The directors are authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

ii. On January 16, 2012 and February 15, 2012, the directors of the Company approved the award of 715,000 and 75,000 options, respectively, with a value of $200,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.70 and (VI) a share price of $0.70. Expected volatility was based on comparable companies. 540,000 of these options vested immediately. The remaining vested as follows: 125,000 vested on February 29, 2012; 25,000 vested on May 31, 2012; 75,000 on July 26, 2012; and 25,000 on August 31, 2012.

iii. On September 19, 2012, the directors of the Company approved the award of 300,000 options, with a value of $70,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.69.. Expected volatility was based on comparable companies. 100,000 of these options vested immediately. The remaining options vest as follows: 25,000 vested on November 30, 2012; 25,000 vested on February 28, 2013; 25,000 vested on May 31, 2013; 25,000 vested on August 31, 2013; 33,333 vested on September 2013; 33,333 will vest on September 2014; and 33,333 will vest on September 2015.

iv. On September 19, 2012, the directors of the Company revised the exercise price of the 615,000 options issued to the officers and directors of the Company on January 16, 2012 from $0.70 to $0.85 per share, in keeping with the offering price for the Financing. The revision had no impact on the financial results of the Company.

v. As at the date of the Amalgamation, there were 75,000 T.B. Mining Shares reserved for issuance under the T.B. Mining Option Plan, after giving effect to the Consolidation. These options continued on under the same terms.

vi. On March 4, 2013, the directors of the Company approved the award of 100,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $18,500. The fair value of the options issued was estimated at the date of grant using the Black -Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

9. Share Capital (continued)

Stock Options (continued)

vii. On March 5, 2013, the directors of the Company approved the award of 320,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $79,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.60 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

viii. On April 17, 2013, the directors of the Company approved a fiscal 2013 compensation plan for the independent directors of the Company. The plan calls for the payment of $7,500 per quarter to the independent directors, which can be paid by cash or the issuance of common stock, at the Company's discretion, subject to TSXV approval. In addition, each of the independent directors was awarded options to purchase 25,000 shares of the Company's common shares. The award of 75,000 fully vested options, exercisable for 10 years, was valued at $14,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

ix. On July 3, 2013, the directors of the Company approved the award of 300,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $50,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.65 and (VI) a share price of $0.51. Expected volatility was based on comparable companies.

x. On July 3, 2013, the directors of the Company approved the award of 50,000 options, which vested immediately, exercisable for 5 years, with a value of $8,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.65 and (VI) a share price of $0.51. Expected volatility was based on comparable companies.

9. Share Capital (continued)

Stock Options (continued)

xi. In connection with the appointment of Mr. Eric Kelly to the Board of Directors of the Company and his undertaking to become the Chairman, on July 3, 2013, the directors of the Company approved the award to Mr. Eric Kelly of 850,000 options, which vest quarterly over three years, exercisable for 10 years, with a value of $215,000. The options were subject to: (i) the completion of the Agreements with Overland Storage, (ii) the agreement by the shareholders of the Company to amend the Company's Option Plan to a 20% fixed plan; and, (iii) the ratification of the award by the Shareholders at the Annual and Special Meeting of Shareholders, held September 16, 2013. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.65 and (VI) a share price of $0.64. Expected volatility was based on comparable companies.

xii. On August 30, 2013, the directors of the Company approved the award of 100,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $100,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $2.50 and (VI) a share price of $2.50. Expected volatility was based on comparable companies.

xiii. On September 16, 2013, at the annual and special meeting of the shareholders of the Company, the shareholders ratified the adoption of a fixed stock option plan, authorizing the award of up to 3,375,000 shares, being approximately 20% of the common shares outstanding at the record date for the meeting.

xiv. One September 16, 2013, the directors of the Company approved the award of 450,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $500,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $2.68 and (VI) a share price of $2.68. Expected volatility was based on comparable companies. In connection with the awards made to the independent directors of the Company, the directors agreed to waive future quarterly fees until the Company achieves commercialization.

xv. On November 1, 2013, the directors of the Company approved the award of 50,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $88,000. The fair value of the options issued was estimated at the date of grant using the Black - Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $4.28 and (VI) a share price of $4.28. Expected volatility was based on comparable companies.

9. Share Capital (continued)

Stock Options (continued)

As at December 31, 2013 the Company had 435,000 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

		Weighted average exercise price	Number
Balance at December 31, 2011	$	0.00	-
Granted		0.82	1,090,000
Issued on Transaction		0.80	75,000
Expired		0.70	(150,000)
Balance at December 31, 2012	$	0.83	1,015,000
Granted		1.24	2,295,001
Exercised		0.71	(180,001)
Expired		0.60	(320,000)
Outstanding at December 31, 2013	**$**	**1.18**	**2,810,000**
Exercisable at December 31, 2013	**$**	**1.03**	**1,176,666**

The weighted average share price on the date of exercise was $3.69.

The following table provides further information on the outstanding options as at December 31, 2013:

Expiry Date	Number exercisable	Number outstanding	Weighted average exercise price	Weighted average years remaining
March 4, 2018	75,000	100,000	$ 0.85	4.25
July 3, 2018	-	225,000	0.65	4.50
September 8, 2020	20,000	20,000	0.80	6.66
January 16, 2022	640,000	640,000	0.83	8.04
September 19, 2022	158,333	300,000	0.85	8.71
April 16, 2023	75,000	75,000	0.85	9.29
July 2, 2023	70,833	850,000	0.65	9.50
August 29, 2023	25,000	100,000	2.50	9.67
September 15, 2023	112,500	450,000	2.68	9.71
October 31, 2023	-	50,000	4.28	9.83
	1,176,666	2,810,000	$ 1.18	8.61

9. Share Capital (continued) Warrants

The Company had the following warrants outstanding:

		Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2011		87,500	$	0.70
Granted –	Broker Warrants	65,028		0.70
Investor Warrants	3,783,989	1.00		
	Broker Unit Warrants[1]	325,925		0.85
Outstanding at December 31, 2012		4,262,442	$	0.98
Exercised –	Broker Warrants	(152,528)		0.70
	Investor Warrants	(1,980,462)		1.00
	Broker Unit Warrants	(325,925)		0.85
Issued on exercise of Broker Unit Warrants		325,925		1.00
Exercise of warrants issued		(325,925)		1.00
Granted –	Investor Warrants	625,000		4.50
	Broker Unit Warrants[2]	100,000		3.35
Outstanding at December 31, 2013		2,528,527	$	1.96

The weighted average share price on the date of exercise was $3.46

(1) The Broker Unit Warrants were exercisable into Sphere 3D Units at an exercise price of $0.85 per unit within two years of closing of the Financing. Each Sphere 3D Unit consists of a Sphere 3D Share and a Sphere 3D Investor Warrant, exercisable at $1.00.

Upon exercise of the Broker Unit Warrants Sphere 3D Investor Warrants were issued, at a cumulative value of $703,000. The fair value of the warrants issued was estimated at the date of exercise of the Broker Unit Warrant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an average expected life of less than 1 year; (V) an exercise price of $1.00 and (VI) an average share price of $3.13. Expected volatility was based on comparable companies.

(2) The Broker Unit Warrants were exercisable into Sphere 3D Units at an exercise price of $3.35 per unit within two years of closing of the Financing. Each Sphere 3D Unit consists of a Sphere 3D Share and a Sphere 3D Investor Warrant, exercisable at $4.50.

10. Other Equity

	2013	2012
Other equity beginning of period	$ 1,007,500	$ 25,000
Value of warrants issued	1,563,000	712,500
Value of options issued	319,679	270,000
Value of warrants exercised	(1,154,528)	-
Value of options exercised	(20,500)	-
Warrant capital end of period	$ 1,715,151	$ 1,007,500

11. Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The compensation paid or payable to key management personnel is shown below:

	December 31 2013	December 31 2012
Salaries, management fees and benefits	$ 875,000	$ 444,181
Share-based payments - management	240,722	66,813
Share-based payments - directors	340,111	134,976
	$ 1,455,833	$ 645,970

Legal services of $110,428 (2012 - $209,288) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at year end included in accounts payable total $ 207,042 (2012 - $141,658)

12. Commitment and Contingencies

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company's facility in

Mississauga, are as follows:

2014	$ 58,000
2015	59,500
2016	20,000

Refer to note 9(ii) for additional commitments to issue shares.

13. Deferred Income Taxes

Reconciliation between tax expense and the amount of tax on net accounting income at the Company's statutory rate of 26.5% (2012 - 26.5%) percent is as follows:

	December 31 2013	December 31 2012
Loss before tax from continuing operations	$ (2,378,023)	$ (2,461,305)
Income tax using corporation statutory tax rate	(630,200)	(652,200)
Adjustment for share issue costs	-	(99,000)
Loss carry forward adjustment	(78,137)	-
Change in tax rate and other	63,237	164,300
Deferred income taxes not recognized	645,100	586,900
	$ -	$ -

Deferred income tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	December 31 2013	December 31 2012
Non-capital loss carry-forwards	$ 1,347,300	$ 717,100
Property and equipment	10,300	62,900
Share issue costs	165,000	97,200
Less: Deferred income taxes not recognized	(1,522,600)	(877,200)
Total deferred tax assets	$ -	$ -

Loss Carry Forwards

As at December 31, 2013, unused loss carry-forwards expire in the following taxation years:

2030	$ 1,004,807
2031	1,513,862
2032	482,352
2033	2,082,926

14. Capital Risk Management

The Company includes equity, comprised of issued common share capital, other equity and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop and market its digital media distribution systems, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

14. Capital Risk Management (continued)

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the years ended December 31, 2013 and 2012.

15. Financial Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk

(i) Currency risk:

The Company is still in its pre-commercialization phase and as such has limited exposure to foreign exchange risk. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents and investments earn interest at market rates.

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest do not have a significant impact on the Company’s results of operations as interest expense represents approximately 0.1% (2012 – 0.7%) of total expenses. A 1.0% change in interest rates would not have a significant impact on the interest income.

(b) Credit risk

The Company is subject to risk of non-payment of loans receivable. The Company mitigates this risk by monitoring the credit worthiness of its customers.

15. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at December 31, 2013, the Company has trade and other payables of $478,282 (2012 - $303,218) due within 12 months and has cash and cash equivalents of $5,550,788 (2012 – $1,633,334) to meet its current obligations.

16. Subsequent Events

a) Convertible Debenture

On March 21, 2014, the Company completed a financing with FBC Holdings S.A.R.L., a wholly-owned subsidiary of Cyrus Capital Partners L.P. (collectively, “Cyrus”), whereby Cyrus subscribed for a convertible secured debenture of the Company in the principal amount of U.S. $5,000,000 (the “Debenture”).

The Debenture has a four year term maturing on March 21, 2018, bears interest at 8% per annum, to be paid semi-annually in cash or shares at the option of the Company. The Debenture is convertible at any time into common shares in the capital of the Company (the “Conversion Right”) at a price of U.S. $7.50 (the “Conversion Price”). The Company shall have the right to force the conversion of the Debenture if the trading price of the common shares for 10 successive days in which the shares actually trade on the TSX Venture Exchange (the “TSXV”) or other principal exchange, exceeds 150% of the Conversion Price. In addition, the Company shall have the right to repay in full the outstanding balance owing under the Debenture at any time during the first 12 months of the term for an amount equal 120% of the balance then outstanding and at any time during the second year of the term for an amount equal 125% of the balance then outstanding.

The Company and each subsidiary has granted a first ranking security interest in favour of Cyrus against all of their assets, save and except that Cyrus has agreed to subordinate its security interest in favour of a loan facility to be provided to the Company by a bank or commercial lender not to exceed U.S. $3,000,000. There are no restrictions on the Company entering into additional unsecured indebtedness.

16. Subsequent Events (continued)

b) V3 Asset Purchase Agreement

On March 21, 2014, the Company closed an Asset Purchase Agreement to acquire all the assets, including patents, trademarks and other intellectual property of V3 Systems, Inc., a leader in providing VDI architecture, software and hybrid Desktop-as-a-Service solutions.

The Company paid a purchase price of U.S. $9.7 million with $4.0 million in cash (less any amounts received on an interim basis prior to closing) and issued 1,089,867 common shares of the common stock of the Company. At December 31, 2013, the amounts provided on an interim basis prior to closing amounted to $203,641.

In addition, V3 Systems shall be entitled to receive an earn-out based on achieving certain milestones in revenue and gross margin of up to a further U.S. $5.0 million (the "Earn-Out"), payable at the discretion of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at a 20-day weighted average price calculated at the time(s) the Earn-Out is realized. The Earn-Out is based on a sliding scale of revenue of the V3 Systems business (subject to minimum margin realization), subject to a maximum payment of U.S. $5.0 million upon earn-out revenue of U.S. $12.5 million.

MANAGEMENT DISCUSSION & ANALYSIS

Ontario Securities Commission FORM 51-102F1

ISSUER DETAILS

FOR YEAR ENDED	**December 31, 2013**
DATE OF REPORT	**April 28, 2014**
NAME OF ISSUER	**Sphere 3D Corporation**
ISSUER ADDRESS	**240 Matheson Blvd. East** **Mississauga, ON L4Z 1X1**
ISSUER TELEPHONE NUMBER	**(416) 749-5999**
CONTACT PERSON	**Peter Tassiopoulos**
CONTACT POSITION	**CEO**
CONTACT TELEPHONE NUMBER	**(416) 749-5999**
CONTACT EMAIL ADDRESS	**peter.tassiopoulos@sphere3d.com**
WEB SITE ADDRESS	**www.sphere3d.com**

FORM 51-102F1

SPHERE 3D CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2013

Sphere 3D Corporation (the "Company" or "Sphere 3D") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007, as a capital pool company under the CPC Policy, under the name T.B. Mining Ventures Inc. ("T.B. Mining").

On December 21, 2012, the Company completed a Qualifying Transaction under applicable TSX Venture Exchange provisions (the "Transaction"), whereby a subsidiary of T.B. Mining acquired 100% of the operating business, Sphere 3D Inc. In connection with the Transaction T.B. Mining changed its name to Sphere 3D Corporation.

Prior to and in contemplation of the closing of the Transaction, Sphere 3D Inc. completed a private placement financing, in multiple tranches, for gross proceeds of $3,116,393. These financings are described in the Company's Filing Statement dated December 14, 2012 which is filed on SEDAR and available for review at www.sedar.com under the Company's profile.

As a result of the Transaction, the former security-holders of Sphere 3D Inc. acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D Inc. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D Inc. and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D Inc. The results of operations of the legal parent, Sphere 3D Corporation, are included from the date of the reverse takeover.

Sphere 3D is a technology development company focused on establishing its patent pending emulation and virtualization technology. This Management's Discussion and Analysis includes the financial results of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company is listed on the TSXV, under the trading symbol "ANY" and quoted on the OTCQX under the trading symbol "SPIHF". The Company has its main and registered office at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1 and maintains an office at 12159 South Business Park Drive, Suite 140, Draper, Utah 84020.

ADVISORY

The following Management's Discussion and Analysis ("MD&A") of Sphere 3D Corporation reports on the financial condition and results of operations of the Company for the year ended December 31, 2013 and should be read together with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2013. The Company's financial statements are presented in accordance with International Financial Reporting Standards ("IFRS") required for the audited financial statements. All amounts are expressed in Canadian dollars.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed herein, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Sphere 3D is a technology company that delivers an application virtualization platform to streamline and simplify computing life. The Company's technology enhances the user experience of both legacy and current applications and empowers users to gain access to these applications from devices of their choosing.

Over the last five years, Sphere 3D has designed a proprietary platform, namely Glassware 2.0™ , for the delivery of applications from a server-based computing architecture. The Company has taken a unique approach in that it has built its technology platform without the use of a hypervisor and instead has designed its own microvisor. One of the benefits of this approach is the ability to deliver multiple application sessions on either a single server or through clusters of servers without the requirement to deliver complete virtual desktop infrastructure. Through Glassware 2.0 ™, the process for "porting" and "publishing" applications is streamlined to the point that its practically automated, requiring very little administration input.

The Company's primary value proposition is that it eliminates the complexity associated with planning, implementation, licensing and support of virtualization and cloud migration while expanding the ecosystem of applications available to users. Additionally, Glassware 2.0 ™ architecture and unique "application only" virtualization, coupled with complementary software from its recent acquisition of the assets of V3 Systems (as described below), enables the Company and its partners to deliver unmatched flexibility within the industry and a wide array of deployment options.

Since inception, the Company has invested the majority of its capital in the design, development and testing of its technology, with the majority of employees and financial resources allocated to such functions. In 2013, the Company started to transition its focus from entirely a research and design organization to a commercial enterprise, through an increased investment in sales and marketing resources.

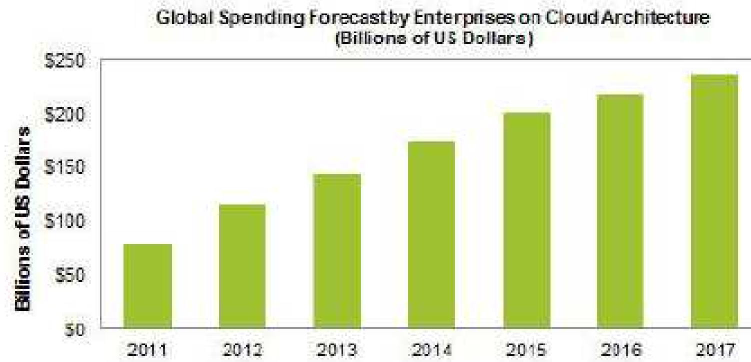
The Company has achieved a number of milestones with respect to product development, financing, corporate developments and product commercialization throughout the year.

Market Overview

The market for the Company's products and services has seen continued strong growth and is anticipated to continue to do so for the foreseeable future.

According to IHS Technology, enterprise businesses moving their IT services, applications and infrastructure to cloud-based architecture will cause market revenue in this segment to surge by a factor of three from 2011 to 2017[1]

IHS reports "Global business spending for infrastructure and services related to the cloud will reach an estimated $174.2 billion (in 2014), up a hefty 20 percent from $145.2 billion in 2013. By 2017, enterprise spending on the cloud will amount to a projected $235.1 billion, triple the $78.2 billion in 2011", as shown in the below figure:



Source: IHS Technology, February 2014

Within the Cloud market IDC is predicting that the cloud software market will surpass $75B by 2017 attaining a five year compound annual growth rate of 22% in the forecast period[2] and according to Gartner, SaaS and cloud-based business application services revenue will grow from $13.5B in 2011 to $32.8 B in 2016, at a CAGR of 19.5%[3]

Over the next 12 months two additional significant trends are expected to benefit the Company; i) within the next 12 months more than 50% of enterprises will prioritize building private clouds by purchasing commercial software[4] and ii) Cloud applications will account for 90% of total mobile data traffic by 2018 while Mobile cloud traffic will grow 12-fold from 2013 to 2018, attaining a compound annual growth rate of 64%[5].

[1]HIS: Cloud- Related Spending by Businesses to Triple from 2011 to 2017 – Feb 4 2014;
[2]IDC infographic sponsored by Cisco;
[3] Gartner Forecast Analysis: Enterprise Application Software, Worldwide, 2011-2016, 4Q12 Update, Jan 2013;
[4]The Forrester Wave™: Private Cloud Solutions, Q4 2013 by Lauren E. Nelson, November 25, 2013;
[5]Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2013–2018 Source: FORBES, Roundup of Cloud Computing Forecasts And Market Estimates, 2014

Business Highlights

The Company invested considerable resources in fiscal 2013 to ensure its Glassware 2.0™ platform is ready for commercialization and for the operational demands associated with the launch of new products. The Company commenced testing outside of the lab or otherwise controlled environments in late 2012 and completed the first “alpha” testing of its technology for consumer use through an app that was branded “SurftoGo”.

SurftoGo was launched through a third party with no reference to Sphere 3D at the time, for internal testing and to gather much needed user feedback, demographic information, use cases, testing of load balancing and validating the installation process. The client side technology utilized for this alpha testing was a demo version deployed specifically for the purpose of testing certain proprietary libraries and communication protocols but was not the proprietary client technology utilized today. After completing the alpha testing phase, the Company removed it from the iTunes App Store. One positive consequence of the testing phase was that it provided a proof of concept for Corel Corporation, with whom the Company subsequently entered into an agreement as an early adopter.

On May 8, 2013, Sphere 3D entered into an agreement with Corel whereas the Company would act as a Value Added Reseller and Distributor for Corel® Office and Corel® PDF Fusion™. The agreement enables Sphere 3D to electronically distribute these software titles to end users in one of the following formats: a standard desktop version, a Virtual Desktop Instance (VDI) or a mobile software version powered by Glassware 2.0 ™.

On September 16, 2013, the Company announced that it would launch a public beta version of a Glassware 2.0 ™ enabled version of Corel® Office for iPad users in October of 2013 and would tie a promotion into the launch. After applying for a public beta version to be included in the iTunes App store in October 2013, the Company was advised that Apple had instituted a policy that precludes any software publisher from listing beta software versions for distribution through the iTunes App Store or making reference to beta within the application description. In order to complete the testing of the application the Company required an alternative to the iTunes App Store for distribution of the App. The Company acquired an Apple enterprise license, which allowed for the provisioning directly from Company servers and conducted a successful beta program by distributing through its own license with a beta group supplied by Corel in late 2013. Given the success of the beta program, Corel and the Company expanded their relationship to include additional premier Corel software titles, as well as expanding the scope beyond that of a VAR and Distribution agreement.

On July 15, 2013, Sphere 3D announced that it had entered into a partnership with Overland Storage Inc. (NASDAQ: OVRL) ("Overland"). As part of the partnership, Overland and Sphere 3D entered into a supplier agreement (the "Supplier Agreement"), which enables Sphere 3D to purchase certain cloud infrastructure equipment from Overland, as well as a technology license agreement (the "Technology Licensing Agreement"), which grants Overland licensing rights for the enterprise and business market.

Pursuant to the Technology Licensing Agreement, Overland paid Sphere 3D a $500,000 upfront fee, which will be recognized over a 6 month period in fiscal 2014, and had agreed to pay a royalty on future sales of licensed Sphere 3D technology. Additionally, Overland has agreed that Sphere 3D can sell jointly developed products through additional channels available to Sphere 3D.

Pursuant to the Supplier Agreement, Sphere 3D has agreed to issue $1.5 million of stock to Overland, as partial payment for the purchase of cloud infrastructure equipment. During the first three years of the Agreement, up to half of the cost of any such purchases will be paid through application of the stock payment, with the balance paid in cash. The stock is to be issued in 3 equal annual amounts, the first payment was made on signing. Such Sphere 3D shares are subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws.

The Company regards Overland as a key partner and has to date expended substantial financial resources and effort to develop a number of combined products whereby Glassware 2.0 ™ software is embedded with Overland Products.

The first of these products was an Overland SnapScale DX2 storage device which was upgraded to perform as a standalone drop-in appliance for application virtualization. This product was demonstrated at Sphere 3D's 2013 Annual Shareholders Meeting on September 16, 2013 and was subsequently deployed with beta customers in October of 2013.

On November 1, 2013, Overland announced they had signed a definitive agreement to acquire Tandberg Data, a privately held data storage company headquartered in Dortmund, Germany. Through the Overland acquisition of Tandberg Data, Sphere 3D was able to secure additional distribution capabilities globally. Tandberg markets its solutions through a global channel of 16,000 qualified resellers, distributors, and OEM manufacturers including Apple, Fujitsu, Toshiba, HP, Hitachi and NEC.

V3 Acquisition

On December 4, 2013, Sphere 3D entered into a Letter of Intent to acquire substantially all the assets of V3 Systems, Inc. ("V3" or "V3 Systems"). V3 Systems was founded in 2010 and is based near Salt Lake City, Utah. V3 Systems is the creator of the Desktop Cloud Orchestrator™ ("DCO") software, which allows administrators to manage local, cloud hosted, or hybrid virtual desktop deployments, and the developer of the V3 appliances, a series of purpose-built, compact, efficient and easy-to-manage servers. The Company subsequently completed the purchase of V3 Systems on March 21, 2014.

In order to provide a seamless transition of operations of V3 Systems, Sphere 3D assumed certain operational functions in January 2014. As a precursor to delivering V3 appliances in first quarter of fiscal 2014, Sphere 3D expanded its relationship with Overland and began transitioning manufacturing and provisioning of the V3 appliances to Overland in December 2013.

Corporate Highlights

During 2013, the Company expanded the management team to coincide with the anticipated commercial roll-out of its products. Peter Tassiopoulos joined as CEO on March 4, 2013 and was subsequently appointed to the Board of Directors of the Company on March 7, 2014. Eric Kelly, a seasoned technology veteran, also joined the Board of Directors as Chairman on July 15, 2013.

On October 31, 2013, the Company's common shares commenced trading on the OTCQX in the United States under the ticker symbol "SPIHF". Roth Capital Partners serves as Sphere 3D’s Principal American Liaison on OTCQX, responsible for providing professional guidance on OTCQX requirements.

On November 12, 2013, the Company completed a “bought deal” private placement financing for gross proceeds of $4.2 million through an offering led by Cormark Securities Inc. and an underwriting syndicate that included Paradigm Capital Inc. and Jacob Securities Inc.

Additionally, the Company was recognized as a member of the TSX Venture 50®. The TSX Venture 50® are the top 10 companies listed on the TSX Venture Exchange, in each of five major industry sectors – mining, oil & gas, technology & life sciences, diversified industries and clean technology – based on a ranking formula with equal weighting given to return on investment, market cap growth, trading volume and analyst coverage. All data was as of December 31, 2013.

Sales and Marketing

The Company intends to focus the majority of sales efforts through an indirect sales channel in order to achieve the greatest possible impact with the least possible start-up costs. This indirect channel includes licensees, resellers, independent software vendors (“ISVs”) and systems integrators. The Company has established a business relationships with Overland Storage and through them access to distributers, resellers and ISVs.

The Company’s software is delivered primarily through a Software as a Service (“SaaS”) model with maintenance to end-user customers included. It is anticipated that the Company will offer its software under a perpetual license at a later date; if software is sold as a perpetual license, the Company will require end-user customers to purchase maintenance contracts when they purchase software.

In establishing prices for the Company's products, the Company considers the value of the products and solutions in comparison to other industry virtualization and hardware solutions and strives to deliver the lowest total cost of ownership where possible.

Having just recently commenced marketing efforts, the Company intends to invest throughout 2014 on communicating the benefits of Glassware 2.0™ while training Company licensees, resellers, ISVs as well as educating the media and industry analysts about the unique value proposition associated with deploying the Company's technology as a virtualization platform.

During fiscal 2013, and at the direction of its new CEO, Sphere 3D shifted its focus to deliver any consumer centric solutions through a Business-to-Business-to-Consumer (B2B2C) approach. This strategic shift is primarily in response to demand from software publishers for application virtualization, the operational and financial efficiencies gained through this approach, and the requirement to focus resources on the considerable Business and Enterprise market opportunities currently available to the Company.

Future Developments

Sphere 3D intends to continue to build its organization with a focus on revenue generation, marketing and a continuation of its aggressive technology innovation cycle.

The Company's core focus of providing access to fully functional software applications on otherwise incompatible devices has expanded to include the availability of enhanced performance on compatible devices.

Sphere 3D plans to increasingly market targeted services to enterprise level customers, to provide secure, fully functioning access to third party legacy software and/or operating systems without the requirement to rewrite them to the Cloud. Additionally, Sphere 3D will consider other possible strategic acquisitions that may enhance its technology offering and market position.

To support its market strategy, Sphere 3D intends to continue to increase its service delivery capacity within the scalable model it has already established, and add selective technology functionality to its platform to enhance specific vertical and/or client offerings.

Competitive Conditions

Management believes that the Sphere 3D's Glassware 2.0 ™ proprietary virtualization platform design and architecture is unique and innovative, such that any measurable competition is limited to somewhat similar technologies within the device and software emulation and virtualization market place.

While some of our competitors appear to have similar product offerings, management believes that Sphere 3D's products represent a significant advance in terms of functionality and usability.

Proprietary Protection

Sphere 3D has designed and maintains its virtualization platform. The Company will be relying on a combination of patents, trademarks, trade secret and copyright laws, as well as contractual restrictions, to protect the proprietary aspects of its products and services. Although every effort is made to protect Sphere 3D's intellectual property, these legal protections may only afford limited protection. Sphere 3D intends to continue to selectively pursue patenting of further technology developed in the future.

Sphere 3D has filed, or obtained through its acquisition of V3 Systems, the following patents in the United States, each of which is pending registration:

13/175,766	Intermediation of hypervisor file system and storage device models
13/175,771	Virtual Machine Allocation internal and external to physical environment
13/250,836	Migration of Virtual Machine Pool
13/741,884	Systems and Methods of Optimizing Resources for Emulation
13/742,585	Systems and Methods of Managing Access to Remote Resources
13/742,632	Systems and Methods for Managing Emulation Sessions
61/806,048	Systems and Methods for Providing an Emulator
61/806,054	Systems and Methods for Managing Emulation Resources
61/806,059	Systems and Methods for Accessing Remote Resources for Emulation

Sphere 3D has filed the following patents in Canada, each of which is pending registration:

2,764,283	Mobile Device Control Application for Improved Security and Diagnostics
2,764,354	Host-Emulator Bridge System and Method
2,764,362	RDP Session Monitor/Control System and Application

Sphere 3D has acquired through its acquisition of V3 Systems the following PCT patent applications:

12/27007	Migration of virtual machine pool
12/27010	Automated adjustment of cluster policy
12/43187	Virtual Machine Allocation internal and external to physical environment
12/43183	Intermediation of hypervisor file system and storage device models

Sphere 3D has filed the following trademarks in Canada:

1600132	GLASSWARE 2.0
1615670	SPHERE 3D
1617275	ANY APP, ANY DEVICE, ANYTIME

Sphere 3D has acquired the following trademarks in the US:

4,086,758	V3
4,135,466	V3 (a stylized version)
4,288,340	V3 Desktop Cloud Orchestrator

Sphere 3D may continue to file for patents regarding aspects of its platform, services and delivery method at a later date depending on the costs and timing associated with filing. The Company may make investments to further strengthen its copyright protection going forward, although no assurances can be given that it will be successful in such patent and trademark protection endeavours. Sphere 3D seeks to limit disclosure of its intellectual property by requiring employees, consultants, and partners with access to its proprietary platform and information to execute confidentiality agreements and non-competition agreements and by restricting access to Sphere 3D proprietary information. Due to rapid technological change, Sphere 3D believes that factors such as the expertise and technological and creative skills of our personnel, new services and enhancements to our existing services are more important to establish and maintain an industry and technology advantage than other available legal protections

Despite Sphere 3D's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of its services or to obtain and use information that Sphere 3D regards as proprietary. The laws of many countries do not protect proprietary rights to the same extent as the laws of the United States or Canada. Litigation may be necessary in the future to enforce Sphere 3D's intellectual property rights, to protect Sphere 3D's trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on Sphere 3D's business, operating results and financial condition. There can be no assurance that Sphere 3D's means of protecting its proprietary rights will be adequate or that our competitors will not independently develop similar services or products. Any failure by Sphere 3D to adequately protect its intellectual property could have a material adverse effect on its business, operating results and financial condition.

SEGMENTED INFORMATION

The Company’s product development, sales, and marketing operations are conducted from its offices in Mississauga, ON, Canada. All sales and assets of the Company have been in Canada. The Company’s operations are limited to a single industry segment, being the development, and sale of Sphere 3D’s “Glassware 2.0™” virtualization platform that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user’s operating system or the local device’s hardware limitations.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2013, 2012 and 2011

The table below sets out certain selected financial information regarding the consolidated operations of Sphere 3D for the periods indicated. The selected financial information has been prepared in accordance with IFRS. This information is taken from and should be read in conjunction with Sphere 3D's financial statements and related notes:

		Year ended	
	December 31 2013 (audited)	December 31 2012 (audited)	December 31 2011 (audited)
Revenue	$ -	$ 409,347	$ 261,210
Net comprehensive loss for the period	(2,378,023)	(2,461,305)	(1,048,182)
Loss per share	$ (0.14)	$ (0.21)	$ (0.11)

AS AT	December 31 2013 (audited)	December 31 2012 (audited)	December 31 2011 (audited)
Current assets	$ 6,838,994	$ 2,032,021	$ 700,152
Non-current assets	2,057,198	1,178,698	1,082,455
Total assets	$ 8,896,192	$ 3,210,719	$ 1,782,607
Current liabilities	$ 982,770	$ 303,218	$ 391,457
Total equity	$ 7,913,422	$ 2,907,501	$ 1,391,150

Sphere 3D has not declared any dividends since its incorporation. Sphere 3D does not anticipate paying cash dividends in the foreseeable future on its Sphere 3D Shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of Sphere 3D and will depend upon Sphere 3D's financial condition, results of operations, capital requirements and such other factors as the board of directors of Sphere 3D deems relevant.

Results of Operations

Sphere 3D was primarily a development stage Company for fiscal 2013. The Company commenced the transition to sales and marketing during fiscal 2013 but was not anticipating offering their technology for sale until the commencement of fiscal 2014.

As of July 1, 2013, the Company met the IFRS requirements for the deferral of development expenses and capitalized $952,821 in development costs for the six months and year end December 31, 2013 compared to $25,000 for the year ended December 31, 2012. Research and development costs for the six months ended June 30, 2013 and for the year ended December 31, 2012 were at a comparable level to the amount incurred after July 1, 2013 but were expensed during those periods.

For the year ended December 31, 2013 the Company recorded no revenue. The majority of the revenue achieved in the year ended December 31, 2012, $409,347, related to custom designed interactive kiosks. The design, development and manufacture of these kiosks provided the Company with the ability to test out several components of its technology. The custom design interactive kiosks were a special project and the company has no intentions of making them available going forward, as such they are not expected to generate future revenues.

During the year ended December 31, 2013, Sphere 3D incurred cost of goods sold and general operating costs of $2,337,339 compared to $2,851,502 during the years ended December 31, 2012. The decline in total expenses, in 2013, was mainly the result of three factors:

1. Completion of the custom kiosk project in 2012 eliminated cost of sales in 2013
2. The Company incurred an one time charge of $382,777 in 2012 as a result of its reverse takeover of TB Mining Ventures Inc., and
3. With completion of certain contracts and financings, the Company commenced deferral of development costs effective July 1, 2013.

Cost of goods sold for the year ended December 31, 2013 were $Nil compared to $356,688 or 87.14% of revenue for the year ended December 31, 2012. The costs in the year ended December 31, 2012 relate to manufacture and sale of the custom built interactive kiosks.

Salaries and consulting for the year ended December 31, 2013 were $1,433,993 compared to $1,179,711 for the year ended December 31, 2012. The Company expanded its staff throughout fiscal 2013 and expects to add additional staff in sales, marketing and research & development during fiscal 2014.

Professional fees were $143,362 for the year ended December 31, 2013 compared to $380,762 for the years ended December 31, 2012. Professional fees mainly relate to legal and audit fees, which were significantly higher in 2012 due to the reverse takeover of T.B. Mining Ventures and the financings leading up to that Transaction.

General and administrative expenses were $283,707 for the year ended December 31, 2013 compared to $291,745 for the year ended December 31, 2012. The general and administrative expenses during fiscal 2013 and 2012 were required to support Sphere 3D's growth.

Non-capitalized equipment and supplies, used in the development of Sphere 3D’s technology, which were recorded as expensed research and development costs, were $28,985 and $41,773 for the years ended December 31, 2013 and 2012 respectively. As noted above, effective July 1, 2013, the Company began deferring all development costs, including non-capitalized equipment and supplies, payroll and other compensation costs and development related overheads.

Regulatory costs for the year ended December 31, 2013 were $221,676 compared to $42,405 for the year ended December 31, 2012. The Company became a reporting issuer on December 27, 2012, with the reverse takeover of T.B. Mining Ventures. As a result, fiscal 2013 was the first full year of regulatory fees. In addition, during the year incurred listing and maintenance fees for its new listing on the OTC-QX exchange.

As a result of the reverse takeover of T.B. Mining Ventures in 2012, the Company incurred a one-time filing fee of $382,777. This expense was calculated based on the value of the shares issued to shareholders of T.B. Mining Ventures at the time of the reverse takeover less the fair value of the net assets of T.B. Mining Ventures.

The net comprehensive loss for the year ended December 31, 2013 was $2,378,023 or $0.14 per share compared with a net comprehensive loss in 2012 of $2,461,305 or $0.21 per share.

Financial Position

Sphere 3D's cash position increased during the year ended December 31, 2013 by $3,917,454 compared to an increase of $1,475,240 for the year ended December 31, 2012. Operating activities required cash of $1,387,268 (2012 - $1,263,820), after adjustments for non-cash items and changes in other working capital balances. Investing activities required cash of $1,409,578 (2012 - $118,786), mostly related to the development of Sphere 3D’s technology and the acquisition of property and equipment to support Sphere 3D’s ongoing development work. Sphere 3D received cash of $6,714,300 (2012 - $2,857,846), after issue costs, from the closing of its financings and the subsequent exercise of warrants and options.

Liquidity and Capital Resources

At December 31, 2013, Sphere 3D had cash of $5,550,788 and working capital of $5,856,224 compared to cash of $1,633,334 and working capital of $1,728,803 as at December 31, 2012.

Contractual Obligations

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company’s facility in Mississauga, are as follows:

Contractual Obligation	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Office Lease	$ 137,500	$ 58,000	$ 79,500	$ -	$ -

Off-Balance Sheet Arrangements

None.

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 23,259,271 common shares were issued and outstanding as of the date of this MD&A.

Certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	Surplus Share Escrow Number	%	Value Share Escrow Number	%	Total Number	%
Balance at December 21, 2012	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012[1]	232,750	5	430,625	10	663,375	7
Balance at December 31, 2012	4,422,250	95	3,875,625	90	8,297,875	93
Released - June 27, 2013	232,750	5	645,937	15	878,687	10
Released - December 27, 2013	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at December 31, 2013	3,724,000	80	2,583,751	60	6,307,751	70
Future releases						
June 27, 2014	465,500	10	645,937	15	1,111,437	13
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	27
Total future releases	**3,724,000**	**80**	**2,583,751**	**60**	**6,307,751**	**70**

(1) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. As well, if the operations or development of the Intellectual Property or the business are discontinue then the unreleased securities held in the QT Escrow will be cancelled.

As of the date of this MD&A, the Company has warrants outstanding to purchase up to an aggregate of 1,673,786 common shares, at a total exercise price of $3,690,911.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 20% of the number of common shares outstanding as of the record date of the last Annual and Special meeting of shareholders , or 3,375,000 Options. As of the date of this MD&A, the Board of Directors has awarded options under the Option Plan to purchase up to an aggregate of 3,211,251 common shares, of which 301,251 have been exercised and 2,910,000 are issued and outstanding.

As part of the Company's acquisition of the assets and operations of V3 Systems Inc., V3 shall be entitled to receive an earn-out, based on achieving certain milestones in revenue and gross margin, of up to a further USD $5.0 million, payable at the option of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at the 20-day weighted average trading price preceding the date(s) the earn-out is realized.

Assuming that all of the outstanding options and warrants are exercised and the maximum number of earn-out shares are issued, 29,009,471 common shares would be issued and outstanding on a fully diluted basis.

Quarterly Information

	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012	Sep 2012	Jun 2012	Mar 2012
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,700	$ 407,647
Expenses	699,586	468,663	564,487	645,287	1,054,711	530,008	356,812	929,121
Net comprehensive loss	$ (699,586)	$ (468,663)	$ (564,487)	$ (645,287)	$ (1,054,711)	$ (530,008)	$ (355,112)	$ (521,474)
Loss per share	$ (0.04)	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.08)	$ (0.04)	$ (0.03)	$ (0.05)
Weighted average number of shares	19,867,824	17,187,594	16,114,339	16,114,339	13,736,923	11,869,813	11,050,569	10,986,202

	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012
Cash	$ 5,550,788	$ 1,394,704	$ 493,825	$ 1,053,863	$ 1,633,334
Total assets	$ 8,896,192	$ 3,895,774	$ 1,901,272	$ 2,555,163	$ 3,210,719
Working capital	$ 5,856,224	$ 1,841,935	$ 562,892	$ 1,077,889	$ 1,728,803

TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company include the Company's key management personnel and independent directors. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The compensation paid or payable to key management personnel is shown below:

		December 31 2013		December 31 2012
Salaries, fees and benefits	$	875,000	$	444,181
Share-based payments – management		240,722		66,813
Share-based payments – directors		340,111		134,976
	$	1,455,833	$	645,970

Legal services of $110,428 (2012 - $209,288) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at year end included in accounts payable total $272,042 (2012 - $141,658)

BOARD OF DIRECTORS AND MANAGEMENT CHANGES

On March 6, 2014, the Company appointed Mr. Peter Tassiopoulos, the Company's Chief Executive Officer, to the Company's Board of Directors. To make room on the Board for this new appointment, Mr. John Morelli stepped down as a director and officer of the Company. Mr. Morelli will continue to focus on his role of leading the R&D and technology team at Sphere 3D.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying value of cash, investments, subscriptions receivable, sales tax receivable, prepaid and sundry assets and accounts payable and accrued liabilities approximate their fair values. For more detailed information please refer to Note 4 in the audited consolidated financial statements for the year ended December 31, 2012.

SUMMARY OF INVESTOR RELATIONS ACTIVITIES

No investor relations activities were undertaken by or on behalf of the Company during the period.

NEW ACCOUNTING STANDARDS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2013. Many are not applicable to, or do not have a significant impact on, the Corporation and have been excluded from the table below.

IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard that identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control consists of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard that focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard that provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and of balance sheet vehicles. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard that provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- Fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- Financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- Disclosure regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13 and further guidance has been added to the determination of classes of assets and liabilities;
- A quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- A narrative must be provided discussing the sensitivity of fair value measurement categorized under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- Information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements given the existing asset and liability mix of the Company to which fair value accounting applies.

IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IAS 27 – Separate Financial Statements - IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IAS 28 – Investments in Associates and Joint Ventures - IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

IFRS 9 – Financial Instruments - IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018. Earlier application is permitted.

IAS 32 – Financial Instruments - Presentation was amended by the IASB in December 2011. Offsetting Financial Assets and Financial Liabilities amendment addresses inconsistencies identified in applying some of the offsetting criteria. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

IAS 36 – Impairment of Assets – IAS 36 was amended by the IASB in June 2013. Recoverable Amount Disclosures for Non-Financial Assets amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when the entity has already applied IFRS 13.The Company has not yet completed its evaluations of the effect of adopting the above standards and the impact it may have on its consolidated financial statements.

DISCLOSURE CONTROLS AND INTERNAL REPORTING

The Company has evaluated its internal controls over financial reporting and believes that as at December 31, 2013, its system of internal controls over financial reporting as defined under NI 52-109 is sufficiently designed and maintained to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

Certain weaknesses in its system are apparent. These weaknesses arise primarily from the limited number of personnel employed in the accounting and financial reporting areas, a situation that is common in many smaller companies. As a consequence of this situation it is not feasible to achieve the complete segregation of duties.

The Company believes these weaknesses are mitigated by the nature and present levels of activities and transactions within the Company being readily transparent; the active involvement of senior management and the Board of Directors in the affairs of the Company; open lines of communication within the Company and the thorough review of the Company's financial statements by senior management, the Audit Committee of the Board of Directors and the Company's auditors.

The senior officers will continue to monitor very closely all financial activities of the Company until the Company's budgets and workload will enable the hiring of additional staff for greater segregation. Nevertheless, these mitigating factors cannot eliminate the possibility that a material misstatement may occur as a result of the aforesaid weaknesses in the Company's internal controls over financial reporting. A cost effective system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

RISK AND UNCERTAINTY FACTORS

Risks Related to our Business

Limited Operating History

Sphere 3D is a development stage company which has a limited operating history and limited non-recurring revenues derived from operations. Significant expenditures have been focused on research and development to create the Glassware 2.0™ product offering. Sphere 3D's near-term focus has been in actively developing reference accounts and building sales, marketing and support capabilities. As a result of these and other factors, Sphere 3D may not be able to achieve, sustain or increase profitability on an ongoing basis.

Sphere 3D is subject to many risks common to development stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, technology, and market acceptance issues. There is no assurance that Sphere 3D will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of Sphere 3D's early stage of operations.

Problems Resulting from Rapid Growth

Sphere 3D will be pursuing, from the outset, a plan to market its platform throughout Canada, the United States and abroad and will require capital in order to meet these growth plans and there can be no assurances that the Corporations capital resources will enable Sphere 3D to meet these growth needs. The plan will place significant demands upon Sphere 3D, management, and resources. Besides attracting and maintaining qualified personnel, employees or contractors, Sphere 3D expects to require working capital and other financial resources to meet the needs of its planned growth. No assurance exists that the plans will be successful or that these items will be satisfactorily handled, and this may have material adverse consequence on the business of Sphere 3D.

Additional Financing May be Required

Sphere 3D may need additional financing to continue its operations. Financing may not be available to Sphere 3D on commercially reasonable terms, if at all, when needed. There is no assurance that Sphere 3D will be successful in raising additional capital or that the proceeds of any future financings will be sufficient to meet its future capital needs.

Impact of Competition

The technology industry, including emulation and virtualization software, is very dynamic with new technology and services being introduced by a range of players, from larger established companies to start-ups, on a frequent basis. Newer technology may render Sphere 3D's technology obsolete which would have a material, adverse effect on its business and results of operations. Sphere 3D will be competing with others offering similar products. If Sphere 3D's systems and technology fail to achieve or maintain market acceptance, or if new technologies are introduced by competitors that are more favorably received than Sphere 3D's technology, or are more cost-effective or provide legal exclusivity through patents or are otherwise able to render Sphere 3D's technology obsolete, Sphere 3D will experience a decline in demand which will result in lower sales performance and associated reductions in operating profits all of which would negatively affect stock prices for Sphere 3D.

Information Technology, Network and Data Security Risks

Sphere 3D faces security risks. Any failure to adequately address these risks could have an adverse effect on the business and reputation of Sphere 3D. Computer viruses, break-ins, or other security problems could lead to misappropriation of proprietary information and interruptions, delays, or cessation in service to clients.

Reliance on Third Parties

Sphere 3D relies on certain technology services provided to it by third parties, and there can be no assurance that these third party service providers will be available to Sphere 3D in the future on acceptable commercial terms or at all. If Sphere 3D were to lose one or more of these service providers, it may not be able to replace them in a cost effective manner, or at all. This could harm the business and results of operations of Sphere 3D.

Investment in Technological Innovation

If Sphere 3D fails to invest sufficiently in research and product development, its products could become less attractive to potential clients, which could have a material adverse effect on the results of operations and financial condition of Sphere 3D.

New Laws or Regulations

A number of laws and regulations may be adopted with respect to mobile phone services covering issues such as user privacy, "indecent" materials, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security. Adoption of any such laws or regulations might impact the ability of Sphere 3D to deliver increasing levels of technological innovation and will likely add to the cost of making its products, which would adversely affect its results of operations.

Retention or Maintenance of Key Personnel

There is no assurance that Sphere 3D can continuously attract, retain or maintain key personnel in a timely manner if the need arises, even though qualified replacements are believed by management to exist. Failure to have adequate personnel may materially harm the ability of Sphere 3D to operate. Sphere 3D considers the services of Peter Tassiopoulos, Chief Executive Officer and John Morelli, who heads the Company's R&D and technology team, to be key to the operation of Sphere 3D. While there can be no assurances as to the continued retention of these individuals, Sphere 3D believes that they are heavily incentivized through stock ownership, options and other compensation, so that the risk of departure is low.

Conflicts of Interest

Sphere 3D may contract with affiliated parties or other companies or members of management of Sphere 3D or companies whose members of management own, or control. These persons may obtain compensation and other benefits in transactions relating to Sphere 3D. Certain members of management of Sphere 3D will have other minor business activities other than the business of Sphere 3D, but each member of management intends to devote substantially all of their working hours to Sphere 3D. Although management intends to act fairly, there can be no assurance that Sphere 3D will not possibly enter into arrangements under terms one could argue are less favorable than what could have been obtained had Sphere 3D or any other company had been dealing with unrelated persons.

Proprietary Rights Could Be Subject to Suits or Claims

No assurance exists that Sphere 3D or any Company with which it transacts business, can or will be successful in pursuing protection of proprietary rights such as business names, logos, marks, ideas, inventions, and technology which may be acquired over time. In many cases, governmental registrations may not be available or advisable, considering legalities and expense, and even if registrations are obtained, adverse claims or litigation could occur.

Lack of Control in Transactions

Management of Sphere 3D intends to retain other companies to perform various services, but may not be in a position to control or direct the activities of the parties with whom it transacts business. Success of Sphere 3D may be subject to, among other things, the success of such other parties, with each being subject to their own risks.

No Guarantee of Success

Sphere 3D, as well as those companies with which it intends to transact business, have significant business purchases, advertising, and operational plans pending and is/are, therefore, subject to various risks and uncertainties as to the outcome of these plans. No guarantee exists that Sphere 3D, or any company with which it transacts business, will be successful.

Possibility of Significant Fluctuations in Operating Results

Sphere 3D's revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to: access to funds for working capital and market acceptance of its services.

Revenues and operating results may also fluctuate based upon the number and extent of potential financing activities in the future. Thus, there can be no assurance that Sphere 3D will be able to reach profitability on a quarterly or annual basis.

Sphere 3D has not arranged for any independent market studies to validate the business plan and no outside party has made available results of market research with respect to the extent to which clients are likely to utilize its service or the probable market demand for its services. Plans of Sphere 3D for implementing its business strategy and achieving profitability are based upon the experience, judgment and assumptions of its key management personnel, and upon available information concerning the communications and technology industries. Management does not have experience in the anti-virus industry. If management's assumptions prove to be incorrect, Sphere 3D will not be successful in establishing its technology business.

Financial, Political or Economic Conditions

Sphere 3D may be subject to additional risks associated with doing business in foreign countries.

Sphere 3D currently operates within Canada, but Sphere 3D expects to do business in the United States and elsewhere in the world. As a result, it may face significant additional risks associated with doing business in other countries. In addition to the language barriers, different presentations of financial information, different business practices, and other cultural differences and barriers, ongoing business risks may result from the international political situation, uncertain legal systems and applications of law, prejudice against foreigners, corrupt practices, uncertain economic policies and potential political and economic instability. In doing business in foreign countries Sphere 3D may also be subject to such risks, including, but not limited to, currency fluctuations, regulatory problems, punitive tariffs, unstable local tax policies, trade embargoes, expropriation, corporate and personal liability for violations of local laws, possible difficulties in collecting accounts receivable, increased costs of doing business in countries with limited infrastructure, and cultural and language differences. Sphere 3D also may face competition from local companies which have longer operating histories, greater name recognition, and broader customer relationships and industry alliances in their local markets, and it may be difficult to operate profitably in some markets as a result of such competition. Foreign economies may differ favorably or unfavorably from the Canadian economy in growth of gross national product, rate of inflation, market development, rate of savings, and capital investment, resource self-sufficiency and balance of payments positions, and in other respects.

When doing business in foreign countries, Sphere 3D may be subject to uncertainties with respect to those countries' legal system and application of laws, which may impact its ability to enforce agreements and may expose it to lawsuits.

Legal systems in many foreign countries are new, unclear, and continually evolving. There can be no certainty as to the application of laws and regulations in particular instances. Many foreign countries do not have a comprehensive system of laws, and the existing regional and local laws are often in conflict and subject to inconsistent interpretation, implementation and enforcement. New laws and changes to existing laws may occur quickly and sometimes unpredictably. These factors may limit Sphere 3D's ability to enforce agreements with its current and future clients and vendors. Furthermore, it may expose Sphere 3D to lawsuits by its clients and vendors in which it may not be adequately able to protect itself.

When doing business in foreign countries, Sphere 3D may be unable to fully comply with local and regional laws which may expose it to financial risk.

When doing business in foreign countries, Sphere 3D may be required to comply with informal laws and trade practices imposed by local and regional government administrators. Local taxes and other charges may be levied depending on the local needs to tax revenues, and may not be predictable or evenly applied. These local and regional taxes/charges and governmentally imposed business practices may affect the cost of doing business and may require Sphere 3D to constantly modify its business methods to both comply with these local rules and to lessen the financial impact and operational interference of such policies. In addition, it is often extremely burdensome for businesses operating in foreign countries to comply with some of the local and regional laws and regulations. Any failure on the part of Sphere 3D to maintain compliance with the local laws may result in fines and fees which may substantially impact its cash flow, cause a substantial decrease in revenues, and may affect its ability to continue operation.

Risks Related to Sphere 3D's Intellectual Property

Protection of Sphere 3D's Intellectual Property

Sphere 3D's products utilize a variety of proprietary rights that are important to its competitive position and success. Sphere 3D has filed a number of patent applications and has been protecting its Intellectual Property through trade secrets and copyrights. To date, Sphere has not been granted any definitive patents and because the Intellectual Property associated with the Sphere 3D's technology is evolving and rapidly changing, current intellectual property rights may not adequately protect Sphere 3D. Sphere 3D may not be successful in securing or maintaining proprietary or future patent protection for the technology used in its systems or services, and protection that is secured may be challenged and possibly lost. Sphere 3D generally enters into confidentiality or license agreements, or has confidentiality provisions in agreements with Sphere 3D's employees, consultants, strategic partners and clients and controls access to and distribution of its technology, documentation and other proprietary information. Sphere 3D's inability to protect its Intellectual Property adequately for these and other reasons could result in weakened demand for its systems or services, which would result in a decline in its revenues and profitability.

Third Party Intellectual Property Rights

Sphere 3D could become subject to litigation regarding intellectual property rights that could significantly harm its business. Sphere 3D's commercial success will also depend in part on its ability to make and sell its systems and services without infringing on the patents or proprietary rights of third parties. Competitors, many of whom have substantially greater resources than Sphere 3D and have made significant investments in competing technologies or products, may seek to apply for and obtain patents that will prevent, limit or interfere with Sphere 3D's ability to make or sell Sphere 3D's systems or provide Sphere 3D's services.

Other Risks

Sphere 3D’s Share Price Fluctuations and Speculative Nature of Securities

The price of the Sphere 3D Shares could fluctuate substantially and should be considered speculative securities. The price of the Sphere 3D Shares may decline, and the price that prevails in the market may be higher or lower than the price investors pay depending on many factors, some of which are beyond Sphere 3D's control. In addition, the equity markets in general, and the Exchange in particular, have experienced extreme price and volume fluctuations historically that have often been unrelated or disproportionate to the operating performance of those companies. These broad market factors may affect the market price of the Sphere 3D Shares adversely, regardless of its operating performance.

Volatility in the Price of Sphere 3D Shares

The market for the Sphere 3D Shares may be characterized by significant price volatility when compared to seasoned issuers, and management expects that the share price will be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. Sphere 3D may in the future be a target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention from day-to-day operations and consume resources, such as cash.

Operating results may fluctuate as a result of a number of factors, many of which are outside of the control of Sphere 3D. The following factors may affect operating results: ability to compete; ability to attract clients; amount and timing of operating costs and capital expenditures related to the maintenance and expansion of the business, operations and infrastructure; general economic conditions and those economic conditions specific to the internet; ability to keep web access operational at a reasonable cost and without service interruptions; the success of product expansion; and ability to attract, motivate and retain top-quality employees.

Dividends

Management intends to retain any future earnings to support the development of the business of Sphere 3D and does not anticipate paying cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of directors of Sphere 3D after taking into account various factors, including but not limited to the financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that Sphere 3D may be a party to at the time. Accordingly, investors must rely on sales of their Sphere 3D Shares after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase Sphere 3D Shares.

ADDITIONAL INFORMATION

Additional information relating to Sphere 3D Corporation can be found on SEDAR at www.sedar.com.

SPHERE 3D CORPORATION

(Formerly T.B. Mining Ventures Inc.)

For the Years Ended December 31, 2012, and December 31, 2011

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying annual consolidated financial statements of Sphere 3D Corporation ("Sphere 3D" or the "Company") have been prepared by management in accordance with International Financial Reporting Standards and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide assurance that transactions are authorized, assets safeguarded and proper records maintained.

The Audit Committee of the Board of Directors has reviewed with the Company's independent auditors the scope and results of the annual audit and the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, Collins Barrow Toronto LLP are appointed by the shareholders to conduct an audit in accordance with Canadian generally accepted auditing standards and their report follows.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR") AND DISCLOSURE CONTROLS AND PROCEDURES ("DCP")

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and management are not required to include representations relating to the establishment and/or maintenance of DCP and/or ICFR, as defined in NI 52-109.

"Peter Tassiopoulos"
……………………………………
Peter Tassiopoulos
Chief Executive Officer

Mississauga, Ontario
April 10, 2013

"Scott Worthington"
……………………………………
Scott Worthington
Chief Financial Officer

Mississauga, Ontario
April 10, 2013

Collins Barrow
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT
To the Shareholders of Sphere 3D Corporation

We have audited the accompanying consolidated financial statements of Sphere 3D Corporation which comprise the consolidated balance sheets as at December 31, 2012 and December 31, 2011 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2012 and 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sphere 3D Corporation as at December 31, 2012 and December 31, 2011, and its financial performance and its cash flows for the years ended December 31, 2012 and 2011 in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
April 10, 2013
Toronto, Ontario

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an independent member of BAKER TILLY INTERNATIONAL

Sphere 3D Corporation

(Formerly T.B. Mining Ventures Inc.)
Consolidated Statements of Financial Position
As at
(Expressed in Canadian Dollars)

	December 31, 2012	December 31, 2011
Assets		
Current		
Cash and cash equivalents	$ 1,633,334	$ 158,094
Investments	10,203	10,093
Subscriptions receivable	150,035	-
Sales tax recoverable	78,319	122,734
Amounts receivable	54,729	233,325
Inventory	-	21,078
Prepaid and sundry assets	105,401	154,828
	2,032,021	700,152
Property and equipment (note 5)	358,127	387,455
Investment	101,821	-
Intangible assets (note 6)	718,750	695,000
	$ 3,210,719	$ 1,782,607
Liabilities		
Current		
Trade and other payables (note 7)	$ 303,218	$ 310,987
Deferred revenue	-	30,070
Subscriptions received	-	50,400
	303,218	391,457
Shareholders' Deficiency		
Common share capital (note 9)	5,409,488	2,411,832
Preferred share capital (note 9)	-	2,500
Other equity (note 10)	1,007,500	25,000
Deficit	(3,509,487)	(1,048,182)
	2,907,501	1,391,150
	$ 3,210,719	$ 1,782,607

Nature of operations (note 1)
Commitment and contingencies (note 12)

Approved by the Board **“Glenn Bowman”** Director **“Mario Biasini”** Director

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation

(Formerly T.B. Mining Ventures Inc.)
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2012 and 2011
(Expressed in Canadian Dollars)

	December 31 2012	December 31 2011
Revenue	**$ 409,347**	$ 261,210
Expenses		
Cost of goods sold	**356,688**	127,131
Salaries and consulting	**1,179,711**	562,312
Professional fees	**380,762**	281,591
General and administrative	**291,745**	194,014
Technology development	**41,773**	81,348
Listing fees (note 8)	**382,777**	-
Regulatory fees	**42,405**	-
Amortization of patents	**1,250**	-
Amortization of property and equipment	**174,391**	62,523
	2,851,502	1,308,919
Loss from operations	**(2,442,155)**	(1,047,709)
Finance income (expenses)		
Interest income	**117**	298
Interest expense	**(19,267)**	(771)
	(19,150)	(473)
Net comprehensive loss for the period	**$ (2,461,305)**	$ (1,048,182)
Loss per share		
Basic and diluted	**$ (0.21)**	$ (0.11)
Weighted average number of common shares	**11,918,124**	9,189,030

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation

(Formerly T.B. Mining Ventures Inc.)
Consolidated Statements of Changes in Equity
For the years ended December 31, 2012 and 2011
(Expressed in Canadian Dollars)

	Number of common shares	Number of preferred shares	Common share capital	Preferred share capital	Other Equity	Deficit	**Total**
Balance at December 31, 2010	8,000,000	500,000	730,000	2,500	-	-	**732,500**
					-	-	
Issuance of common shares	2,600,000	-	1,820,000	-	-	-	**1,820,000**
Share issuance costs	-	-	(113,168)	-	-	-	**(113,168)**
Issuance of warrants	-	-	(25,000)	-	25,000	-	-
Comprehensive loss for the period	-	-	-	-	-	(1,048,182)	**(1,048,182)**
Balance at December 31, 2011[1]	10,600,000	500,000	$ 2,411,832	$ 2,500	$ 25,000	$ (1,048,182)	**$ 1,391,150**
Issuance of common shares	4,116,913	-	3,431,792	-	-	-	**3,431,792**
Share issuance costs	-	-	(373,511)	-	-	-	**(373,511)**
Issuance of warrants	-	-	(712,500)	-	712,500	-	
Share-based payments	23,529	-	20,000	-	-	-	**20,000**
Share based compensation – Employee stock options	-	-	-	-	270,000	-	**270,000**
Conversion of debt	117,647	-	100,000	-	-	-	**100,000**
Conversion of preferred shares	500,000	(500,000)	2,500	(2,500)	-	-	
Shares issued for acquisition of T.B. Mining Ventures Inc.	756,250	-	529,375	-	-	-	**529,375**
Comprehensive loss for the period	-	-	-	-	-	(2,461,305)	**(2,451,305)**
Balance at December 31, 2012	16,114,339	-	$ 5,409,488	$ -	$ 1,007,500	$ (3,509,487)	**$ 2,917,501**

[1]Represents the legal capital of Sphere 3D Inc. (the accounting acquirer). The legal capital of T.B. Mining Ventures Inc. (the legal acquirer) was 3,025,000 common shares.

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation

(Formerly T.B. Mining Ventures Inc.)
Consolidated Statements of Cash Flows
For the years ended December 31, 2012 and 2011
(Expressed in Canadian Dollars)

	December 31 2012	December 31 2011
Cash flow from operating activities		
Net comprehensive loss for the period	$ **(2,461,305)**	$ (1,048,182)
Items not affecting cash:		
Amortization	**175,641**	62,523
Listing fee	**382,777**	-
Stock based compensation	**270,000**	-
Expenses paid through stock issuances	**120,000**	-
Accrued interest	**(110)**	(93)
Change in working capital:		
Change in sales tax recoverable	**44,415**	(122,734)
Change in accounts receivables	**178,596**	(233,325)
Change in inventory	**21,078**	(21,078)
Change in prepaid and sundry assets	**(49,427)**	(154,828)
Change in trade and other payables	**(14,269)**	310,987
Change in deferred revenue	**(30,070)**	30,070
Net cash used in operating activities	**(1,263,820)**	(1,176,660)
Cash flow from investing activities		
Reverse take-over of T.B. Mining Ventures Inc.	**51,277**	-
Acquisition of property and equipment	**(145,063)**	(449,978)
Investment in technology	**(25,000)**	-
Purchase of investments	-	(10,000)
Net cash used in investing activities	**(118,786)**	**(459,978)**
Cash flow from financing activities		
Proceeds from common shares, net of issue costs	**2,857,846**	1,794,632
Net cash used financing activities	**2,857,846**	1,794,632
Net increase in cash and cash equivalents	**1,475,240**	157,994
Cash and cash equivalents at opening	**158,094**	100
Cash and cash equivalents at closing	$ **1,633,334**	$ 158,094

See accompanying notes, which are an integral part of these financial statements

1. General Information

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 as T.B. Mining Ventures Inc. The Company is listed on the TSXV, under the trading symbol "ANY" and has its main and registered office of the Company is located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

On December 21, 2012, the Company completed its Qualifying transaction (the "Transaction") with Sphere 3D Inc. ("Sphere 3D") and changed its name to Sphere 3D Corporation. The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange (see note 8). Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation (formerly T.B. Mining Ventures Inc.), are included from the date of the reverse takeover.

Sphere 3D Inc. is a technology development company focused on establishing its patent pending emulation and virtualization technology. These annual consolidated statements include the financial statements of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company will have to raise additional capital to fund operations until such point that revenues from products and technology are able to fund operations. If the Company is not able to raise sufficient capital then there is the risk that the Company will not be able to realize the value of its assets and discharge its liabilities. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. To date the Company has been successful raising capital in fiscal 2011 and 2012. These proceeds are used to fund operations of the Company.

At December 31, 2012, the Company had working capital of $1,728,803 and an accumulated deficit of $3,509,487. Management believes that the Company has sufficient funds to pay its ongoing operating expenses and other commitments and to meet its liabilities for the ensuing year as they fall due.

2. Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements were approved by the Company's Board of Directors on April 10, 2013

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements as at and for the periods ended December 31, 2012 and 2011, unless otherwise indicated.

The consolidated financial statements comprise the accounts of the Company, and its controlled subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(a) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are noted below with further details of the assumptions in the following notes:

(i) Share-based payments

When charges for share-based payments are based on the equity instrument granted, the fair value is calculated at the date of the award. The equity instruments are valued using Black-Scholes; inputs to the model include assumptions on share price volatility, discount rates and expected life outstanding.

(ii) Investment in technology

The recoverability of the investment in technology is dependent on the future realization of cash flows from amounts spent.

3. Significant Accounting Policies (continued)

(a) Use of estimates and judgements (continued)

(iii) Property and equipment

The useful lives of property and equipment is estimated based on the length of use of the assets by the Company.

(iv) Income taxes

Tax interpretations, regulations and legislation in the jurisdiction in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realised from future taxable earnings.

(b) Foreign currency

The functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial instruments comprise of amounts receivable, cash and cash equivalents, investments and trade and other payables. Non-derivatives financial instruments are recognised initially at the fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(ii) Cash, cash equivalents and investments

Cash and cash equivalents comprise cash on hand, term deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management, whereby management has the ability and intent to net bank overdrafts against cash, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(ii) Cash, cash equivalents and investments (continued)

Investments comprise highly liquid investments, in the form of guaranteed investment certificates, with maturities greater than three months but with cashable features. Investments have been used to secure the company's credit rating and are therefore separated from cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition the transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has designated cash and cash equivalents and investments at fair value.

(iv) Other

Other non-derivative financial instruments, such as amounts receivable and trade and other payables, are measured at amortized cost using the effective interest method, less any impairment losses.

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

3. Significant Accounting Policies (continued)

(d) Property and equipment (continued)

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

(iii) Amortization

Amortization is calculated as the cost of the asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computer hardware - 3 years
- Furniture and fixtures - 5 years
- Leasehold improvements - over the term of the lease

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for amortization methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

(e) Trade and other payables

Trade and other payables are stated at cost.

(f) Balance sheet

Assets and liabilities expected to be realised in, or intended for sale or consumption in, the Company's normal operating cycle, usually equal to 12 months, are recorded as current assets or liabilities.

(g) Statement of cash flows

The Company prepares its Statement of Cash Flows using the indirect method.

3. Significant Accounting Policies (continued)

(h) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of comprehensive loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets referred to as a cash generating unit (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less cost to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from sales.

3. Significant Accounting Policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (Cont'd)

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of an asset is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(i) Intangible assets

(i) Patents

Costs to obtain patents are capitalized and are amortized to operations on a straight-line basis over the underlying term of the patents, which is 20 years, commencing upon the registration of the patent.

(ii) Investment in Technology

The investment in technology consists of consideration paid for the acquisition of the technology. Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use, which has not yet commenced.

3. Significant Accounting Policies (continued)

(i) Intangible assets (continued)

(iii) Research and Development Costs

Research costs are charged to income when incurred. Development costs are expensed in the year incurred unless they meet the criteria for deferral and amortization. Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use, which has not yet commenced.

Investment Tax Credits ("ITCs") earned as a result of incurring Scientific Research and Experimental Development ("SRED") expenditures are recorded as a reduction of the related current period expense, the related deferred development costs or related capital assets. Management records ITC's when there is reasonable assurance of collection. To date, management has not recorded any amounts related to ITC's.

(j) Share capital – common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(k) Share based payments

The grant date fair value of options awarded to employees, directors, and service providers is measured using the Black-Scholes option pricing model and recognised in the statement of comprehensive income, with corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon exercise of the option, consideration received, together with the amount previously recognised in contributed surplus, is recorded as an increase to share capital.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. Significant Accounting Policies (continued)

(l) Revenue

Revenue is recorded when persuasive evidence of an agreement exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, price is fixed and determinable, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, the distribution of the media has occurred and collectability is reasonably assured and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. Revenue is deferred when the Company has received the cash and has a further obligation to the customer. The revenue is then recognized when the Company has fulfilled that obligation.

(m) Finance income and expenses

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gain and losses, reported under finance income and expenses, are reported on a net basis.

(n) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Significant Accounting Policies (continued)

(n) Income taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Loss per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options and warrants. The dilutive effect on earnings per share is recognised on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. At year end diluted earnings per share has not been presented as the effect of stock options and warrants would be anti-dilutive.

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses.

(q) Contingent liability

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

3. Significant Accounting Policies (continued)

(r) New standards and interpretations not yet adopted

The following pronouncements issued by the IASB and interpretations published by IFRIC will become effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted, with the exception of amendment to IFRS 7. IFRS 10, IFRS 11 and IFRS 12 permit early adoption if all of the standards are collectively adopted.

IFRS 7 - Financial Instruments: Disclosures was amended to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

IFRS 10 - Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. A new definition of 'control' has been established. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements establishes the principles for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method whereas for a joint operation the venture will be accounted for using the proportionate consolidation method.

IFRS 12 - Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 19 – Employee Benefits amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires remeasurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income and increases the disclosure.

The IASB also amended the following standards which is effective as per the date identified.

IAS 1 - Presentation of Financial Statements was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment is effective for annual periods beginning on or after July 1, 2012, with earlier adoption permitted.

3. Significant Accounting Policies (continued)

(r) New standards and interpretations not yet adopted (continued)

IAS 12 – Income Taxes was amended to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model, as well as incorporating the consensus from SIC-21. This amendment is effective for annual periods beginning on or after January 1, 2012. Earlier application is permitted.

IFRS 10 – Consolidated Financial Statements was amended to require investment entities to measure subsidiaries at fair value through profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

IFRS 9 - Financial Instruments addresses the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new standard also requires a single impairment method to be used. The IASB has extended the effective date to January 1, 2015, with earlier application permitted.

The Company has not yet completed its evaluations of the effect of adopting the above standards and the impact it may have on its consolidated financial statements.

4. Determination of Fair Value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Cash and cash equivalents, amounts receivable, investments and trade and other payables.

The fair value of cash and cash equivalents, amounts receivable, investment and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2012 and December 31, 2011, the fair value of these balances approximated their carrying value due to their short term to maturity.

4. Determination of Fair Value (continued)

(b) The fair value of stock options and warrants are measured using a Black-Scholes, option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option and warrant holder behaviour) and the risk-free interest rate (based on government bonds).

The carrying value of cash and cash equivalents, amounts receivable, investment and trade and other payables included in the financial position approximate fair value due to the short term nature of those instruments.

The following tables provide fair value measurement information for financial assets and liabilities as of December 31, 2012 and 2011.

			Fair value measurements using		
December 31, 2012	Carrying amount	Fair value	Quoted prices in Active Market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Cash and cash equivalents	$ 1,633,334	$ 1,633,334	$ 1,633,334	$ -	$ -
Investments	$ 10,203	$ 10,203	$ 10,203	$ -	$ -
Long term Investments	$ 101,821	$ 101,821	$ 101,821	$ -	$ -

			Fair value measurements using		
December 31, 2011	Carrying amount	Fair value	Quoted prices in Active Market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Cash and cash equivalents	$ 158,094	$ 158,094	$ 158,094	$ -	$ -
Investments	$ 10,093	$ 10,093	$ 10,093	$ -	$ -

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are those with inputs for the asset or liability that are not based on observable market data.

5. Property and equipment

Cost	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Total
Balance at December 31, 2010	$ -	$ -	$ -	$ -
Additions	372,506	2,463	75,009	449,978
Disposals	-	-	-	-
Balance at December 31, 2011	372,506	2,463	75,009	449,978
Additions	137,178	4,000	3,885	145,063
Disposals	-	-	-	-
Balance at December 31, 2012	$ 509,684	$ 6,463	$ 78,894	$ 595,041

Accumulated Depreciation	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Total
Balance at December 31, 2010	$ -	$ -	$ -	$ -
Additions	57,240	123	5,160	62,523
Disposals	-	-	-	-
Balance at December 31, 2011	57,240	123	5,160	62,523
Additions	157,851	826	15,714	174,391
Disposals	-	-	-	-
Balance at December 31, 2012	$ 215,091	$ 949	$ 20,874	$ 236,914
Net book value as at December 31, 2011	$ 315,266	$ 2,340	$ 69,849	$ 387,455
Net book value as at December 31, 2012	$ 294,593	$ 5,514	$ 58,020	$ 358,127

6. Intangible assets

(i) Investment in technology

On December 31, 2010, the Company acquired all rights and assets related to the emulation and virtualization technology from Promotion Depot Inc., in a non-arms length transaction, in exchange for 1,000,000 shares of the Company's common stock. Since the fair value of the assets received are not readily determinable, the investment was valued based on the $695,000 fair value of the shares received by Promotion Depot Inc. The technology acquired is still in the development stage and not in commercial use. As such, amortization of this asset has not commenced.

6. Intangible assets (continued)

(ii) Patents

On January 16, 2012, the Company filed 3 preliminary patents based on the technology acquired in the investment in technology.

Cost	**Investment in technology**	**Patents**	**Total**
Balance at December 31, 2010	$ 695,000	$ -	$ 695,000
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2011	695,000	-	695,000
Additions	-	25,000	25,000
Disposals	-	-	-
Balance at December 31, 2012	$ 695,000	$ 25,000	$ 720,000

Accumulated amortization	**Investment in technology**	**Patents**	**Total**
Balance at December 31, 2010	$ -	$ -	$ -
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2011	-	-	-
Additions	-	1,250	1,250
Disposals	-	-	-
Balance at December 31, 2012	$ -	$ 1,250	$ 1,250
Net book value as at December 31, 2011	$ 695,000	$ -	$ 695,000
Net book value as at December 31, 2012	$ 695,000	$ 23,750	$ 718,750

7. Trade and other payables

	December 31 2012	December 31 2011
Trade payables	**$ 251,845**	$ 144,967
Non-trade payables and accrued expenses	**51,373**	166,200
	$ 303,218	$ 310,987

8. The Transaction

The Company completed the Transaction on December 21, 2012, pursuant to a definitive amalgamation agreement dated August 31, 2012. The Transaction constitutes a reverse takeover of the Company but does not meet the definition of a business combination, and therefore, *IFRS 3 Business Combinations* is not applicable. As a result and in accordance with reverse take-over accounting for a transaction that is not considered a business combination:

Sphere 3D Corporation (formerly T.B. Mining Ventures) is treated as the acquiree and Sphere 3D Inc. is treated as the acquirer. As a result, the amalgamated entity is deemed to be a continuation of Sphere 3D Inc. and Sphere 3D Inc. is deemed to have acquired control of the assets and business of the Company with the consideration of the issuance of capital, and therefore *IFRS 2 Share-based Payments*, is applicable.

Under the terms of the Amalgamation Agreement, T.B. Mining Ventures was required to consolidate (the "Consolidation") its securities on a four (4) for one (1) exchange ratio. As of the date of the Transaction there were 756,250 T.B. Mining Shares issued and outstanding as fully paid and non-assessable, after giving effect to the Consolidation.

The fair value of the consideration issued for the net assets of the Company is as follows:

	$
756,250 common shares valued at $0.70 per share	529,375

Allocated to net asset value (at December 21, 2012):

	$
Cash and cash equivalents	51,277
Long term investment	101,821
Accounts payable	(6,500)
Net assets	146,598
Cost of listing (expensed)	382,777
	529,375

The purchase price is recorded as an increase in share capital of $529,375

Transaction costs associated with the Reverse Takeover Transaction which amounted to $124,126 and the cost of listing of $382,777 have been recorded as an expense.

9. Share Capital

Authorized

an unlimited number of common shares

500,000 shares, without nominal or par value, of a class designated as multiple voting preferred shares

Common shares

Issued and outstanding

	Number of Shares		Value
Balance, December 31, 2010	8,000,000	$	730,000
Issued for cash (net of cash fees of $113,168)	2,600,000		1,706,832
Less: Proceeds allocated to warrants	-		(25,000)
Balance, December 31, 2011	10,600,000	$	2,411,832
Issued for cash (net of cash fees of $373,541)	4,116,913		3,058,281
Less: Proceeds allocated to warrants			(600,000)
Brokers warrants	-		(112,500)
Issued for services rendered	23,529		20,000
Issued on conversion of debt	117,647		100,000
Issued on conversion of preferred shares	500,000		2,500
Reverse takeover transaction (note 8)	756,250		529,375
Balance, December 31, 2012	16,114,339	$	5,409,488

On July 22, 2011, the Company issued 1,750,000 shares of common stock for cash proceeds of $1,225,000, less cash fees of $72,618. In connection with this transaction, the Company issued broker warrants to purchase 87,500 shares of common stock, at $0.70 per share, for a period of three years. The broker warrants were valued at $25,000. The brokers warrants have been valued based on the equity instruments granted.

On December 15, 2011, the Company issued 850,000 shares of common stock for cash proceeds of $595,000, less cash fees of $40,550.

On January 13, 2012, the Company issued 450,571 shares of common stock for cash proceeds of $315,400, less cash fees of $29,650. In connection with this transaction, the Company issued broker warrants to purchase 65,028 shares of common stock, at $0.70 per share, for a period of three years. The broker warrants were valued at $19,000. The brokers warrants have been valued based on the equity instruments granted.

9. Share Capital (continued)

Common shares (continued)

As a condition to the Amalgamation, Sphere 3D completed a private placement of Sphere 3D Units (the "Financing") with gross proceeds of $3,116,642. Each Sphere 3D Unit consisted of one Sphere 3D Share and one Sphere 3D Warrant, entitling the holder to purchase one Sphere 3D Share at an exercise price of $1.00 per Sphere 3D Share within two years of the completion of the Qualifying Transaction.

The Financing was completed in five tranches, as follows:

Date	Number of Units	Gross Proceeds	Cash Fees	Value of Warrants
(i) July 26, 2012	1,141,976	$ 970,680	$ 147,800	$ 180,000
(ii) October 30, 2012	1,540,003	1,309,003	132,588	245,000
(iii) November 13, 2012	324,300	275,655	28,282	70,000
(iv) December 13, 2012	476,163	404,739	21,800	75,746
(v) December 14, 2012	183,900	156,315	13,421	20,254
	3,666,342	$ 3,116,392	$ 343,891	$ 600,000

In addition, at the same time as the November 13, 2012 closing, Sphere 3D issued 117,647 Units in settlement of a debt of $100,000. The value of the Sphere 3D PP Warrants issued in this debt conversion was $19,000.

In connection with the Financing, the Company paid to the Agent, Jennings Capital Ltd., commissions in the amount of 8% of gross proceeds, and issued 325,925 Sphere 3D Broker Unit Warrants (10% of the brokered securities sold in the Financing). The brokers warrants have been valued based on the equity instruments granted. In addition, the Company paid the Agent a corporate finance fee of $20,000 (through the issue of 23,529 shares of Sphere 3D).

The Broker Unit Warrants are exercisable into Sphere 3D Units at an exercise price of $0.85 per unit within two years of closing of the Financing. Each Sphere 3D Unit consists of a Sphere 3D Share and a Sphere 3D PP Warrant. The Sphere 3D Broker Unit Warrants issued for the five tranches were valued at $33,000, $44,500, $8,000, $4,000 and $4,000 respectively, using the Black-Scholes model.

The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions:

		Broker Warrants	Investor Warrants	Broker Unit Warrants
(I)	dividend yield	0%	0%	0%
(II)	expected volatility	60%	60%	60%
(III)	a risk free interest	1.71%	1.28%	1.07%
(IV)	an expected life	3 years	2 years	2 years
(V)	a share price	$0.70	$0.70	$0.85
(VI)	an exercise price	$0.70	$1.00	$0.85

Expected volatility was based on comparable companies.

9. Share Capital (continued)

Preferred shares

Issued and outstanding

	Number Of Shares		Value
Balance, December 31, 2010 and 2011	500,000	$	2,500
Converted to common shares in Transaction	(500,000)		(2,500)
Balance, December 31, 2012	-	$	-

On December 21, 2012, the preferred shares of the Company automatically converted to shares of common stock on a one for one basis as part of the Transaction.

Escrowed shares

With the completion of the Transaction and the Company's subsequent listing on the TSXV, certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	QT Escrow Number	%	Value Share Escrow Number	%	Total Number	%
Common Shares	**4,786,250**	**100**	**3,925,000**	**100**	**8,711,250**	**100**
December 27, 2012[(1)]	239,312	5	392,500	10	631,812[2]	7
June 27, 2013	239,312	5	588,750	15	828,062	10
December 27, 2013	478,625	10	588,750	15	1,067,375	12
June 27, 2014	478,625	10	588,750	15	1,067,375	12
December 27, 2014	717,938	15	588,750	15	1,306,688	15
June 27, 2015	717,938	15	588,750	15	1,306,688	15
December 27, 2015	1,914,500	40	588,750	15	2,503,250	29
Total subject to escrow	**4,786,250**	**100**	**3,925,000**	**100**	**8,711,250**	**100**

(1) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

(2) These shares were released from escrow during the year ended December 31, 2012.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release dates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

9. Share Capital (continued)

Stock Options

i. On January 16, 2012, the shareholders of the Company approved the establishment of an Employee Stock Option Plan. The directors are authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

ii. On January 16, 2012 and February 15, 2012, the directors of the Company approved the award of 715,000 and 75,000 options, respectively, with a value of $200,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.70 and (VI) a share price of $0.70. Expected volatility was based on comparable companies. 540,000 of these options vested immediately. The remaining vested as follows: 125,000 vested on February 29, 2012; 25,000 vested on May 31, 2012; 75,000 on July 26, 2012; and 25,000 on August 31, 2012.

iii. On September 19, 2012, the directors of the Company approved the award of 300,000 options, with a value of $70,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.69.. Expected volatility was based on comparable companies. 100,000 of these options vested immediately. The remaining options vest as follows: 25,000 vested on November 30, 2012; 25,000 vested on February 28, 2013; 25,000 will vest on May 31, 2013; 25,000 will vest on August 31, 2013; 33,333 will vest on September 2013; 33,333 will vest on September 2014; 33,333 will vest on September 2015.

iv. On September 19, 2012, the directors of the Company revised the exercise price of the 615,000 options issued to the officers and directors of the Company on January 16, 2012 from $0.70 to $0.85 per share, in keeping with the offering price for the Financing. The revision had no impact on the financial results of the Company.

v. As at the date of the Amalgamation, there were 75,000 T.B. Mining Shares reserved for issuance under the T.B. Mining Option Plan, after giving effect to the Consolidation. These options continues on under the same terms.

9. Share Capital (continued)

Stock Options (continued)

As at December 31, 2012 the Company had 596,434 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	Weighted average exercise price $	Number
Balance at December 31, 2010 and 2011	-	-
Granted	0.82	1,090,000
Issued on Transaction	0.80	75,000
Expired	0.70	(150,000)
Outstanding at December 31, 2012	**0.83**	**1,015,000**
Exercisable at December 31, 2012	**0.83**	**840,000**

The following table provides further information on the outstanding options as at December 31, 2012:

Expiry Date	Number exercisable	Number outstanding	Weighted average exercise price $	Weighted average years remaining
September 8, 2020	75,000[1]	75,000	0.80	7.75
January 16, 2022	640,000	640,000	0.83	9.0
September 19, 2022	125,000	300,000	0.85	9.75
	840,000	1,015,000	0.83	9.13

[1] Reflects the 1 for 4 option exchange made pursuant to the Transaction (note 8).

9. Share Capital (continued)

(b) Warrants

The Company had the following warrants outstanding:

	Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2010	-		-
Granted – Broker Warrants	87,500	$	0.70
Outstanding at December 31, 2011	87,500	$	0.70
Granted – Broker Warrants	65,028		0.70
Investor Warrants	3,783,989		1.00
Broker Unit Warrants[(1)]	325,925		0.85
Outstanding at December 31, 2012	4,262,442	$	0.98

(1) The Broker Unit Warrants are exercisable into Sphere 3D Units at an exercise price of $0.85 per unit within two years of closing of the Financing. Each Sphere 3D Unit consists of a Sphere 3D Share and a Sphere 3D Warrant.

10. Other Equity

		2012		2011
Other equity beginning of period	$	25,000	$	-
Value of warrants issued		712,500		25,000
Value of options issued		270,000		-
Warrant capital end of period	$	1,007,500	$	25,000

11. Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

11. Related Party Transactions (continued)

The compensation paid or payable to key management personnel is shown below:

	December 31 2012	December 31 2011
Salaries, fees and benefits	$ 444,181	$ 301,134
Share-based payments - management	66,813	-
Share-based payments - directors	134,976	-
	$ 645,970	$ 301,134

Legal services of $209,288 (2011 - $49,065) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at year end included in accounts payable total $141,658 (2011 - $44,520)

12. Commitment and Contingencies

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company's facility in Mississauga, are as follows:

2013	$ 56,500
2014	58,000
2015	59,500
2016	20,000

13. Deferred Income Taxes

Reconciliation between tax expense and the amount of tax on net accounting income at the Company's statutory rate of 26.5% (2011 - 28.00%) percent is as follows:

	December 31 2012	December 31 2011
Loss before tax from continuing operations	$ (2,461,305)	$ (1,048,182)
Income tax using corporation statutory tax rate	(652,200)	(293,500)
Adjustment for share issue costs	(99,000)	(28,300)
Change in tax rate and other	164,300	31,500
Deferred income taxes not recognized	586,900	290,300
	$ -	$ -

13. Deferred Income Taxes (continued)

Deferred income tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	December 31 2012	December 31 2011
Non-capital loss carry-forwards	$ 717,100	$ 252,100
Property and equipment	62,900	15,600
Share issue costs	97,200	22,600
Less: Deferred income taxes not recognized	(877,200)	(290,300)
Total deferred tax assets	$ -	$ -

Loss Carry Forwards

Loss carry-forwards represent significant tax savings of $1,697,871 and $1,008,293 as at December 31, 2012 and December 31, 2011 respectively. As at December 31, 2012, unused loss carry-forwards expire in the following taxation years:

2021	$ 1,008,293
2022	1,697,871

14. Capital Risk Management

The Company includes equity, comprised of issued common share capital, other equity and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop and market its digital media distribution systems, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the years ended December 31, 2012 and 2011.

15. Financial Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

15. Financial Risk Management (continued)

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk

(i) Currency risk:

The Company is still in its pre-commercialization phase and as such has limited exposure to foreign exchange risk. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents and investments earn interest at market rates.

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest do not have a significant impact on the Company’s results of operations as interest income represents approximately 0.7% (2011 – 0.3%) of total expenses. A 1.0% change in interest rates would not have a significant impact on the interest income.

(b) Credit risk

The Company is subject to risk of non-payment of amounts receivable. The Company mitigates this risk by monitoring the credit worthiness of its customers. As at December 31, 2012 Nil (December 31, 2011 – 92%) of amounts receivable and 100% (December 31, 2011 - 91%) of revenue is from one customer.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at December 31, 2012, the Company has trade and other payables of 303,218 (2011 - $310,987) due within 12 months and has cash and cash equivalents and amounts receivable of $1,688,063 (2011 – 319,419) to meet its current obligations.

MANAGEMENT DISCUSSION & ANALYSIS

Ontario Securities Commission FORM 51-102F1

ISSUER DETAILS

FOR YEAR ENDED	**December 31, 2012**
DATE OF REPORT	**April 11, 2013**
NAME OF ISSUER	**Sphere 3D Corporation**
ISSUER ADDRESS	**240 Matheson Blvd. East** **Mississauga, ON L4Z 1X1**
ISSUER TELEPHONE NUMBER	**(416) 749-5999**
CONTACT PERSON	**Peter Tassiopoulos**
CONTACT POSITION	**CEO**
CONTACT TELEPHONE NUMBER	**(416) 749-5999**
CONTACT EMAIL ADDRESS	**peter.tassiopoulos@sphere3d.com**
WEB SITE ADDRESS	**www.sphere3d.com**

FORM 51-102F1

SPHERE 3D CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2012

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007, as a capital pool company under the CPC Policy, under the name T.B. Mining Ventures Inc.

On December 21, 2012, the Company completed its Qualifying transaction (the "Transaction") with Sphere 3D Inc. ("Sphere 3D") and changed its name to Sphere 3D Corporation.Immediately prior to and in connection with the closing of the Transaction, Sphere 3D Inc. completed pre-closing private placement financings for gross proceeds of $3,116,393. These financings are described in the Company's Filing Statement dated December 14, 2012 which is filed on SEDAR and available for review at www.sedar.com under the Company's profile.

The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange. Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation, are included from the date of the reverse takeover.

Sphere 3D Corporation is a technology development company focused on establishing its patent pending emulation and virtualization technology. This Management's Discussion and Analysis includes the financial results of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company is listed on the TSXV, under the trading symbol "ANY" and has its main and registered office of the Company is located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

ADVISORY

The following Management's Discussion and Analysis ("MD&A") of the annual financial condition and results of operations of the Company for the year ended December 31, 2012 and should be read together with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2012. The Company's financial statements are presented in accordance with International Financial Reporting Standards ("IFRS") required for the audited financial statements. All amounts are expressed in Canadian dollars.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed herein, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

NARRATIVE DESCRIPTION OF THE BUSINESS

General

People today are connecting through a vast variety of smart devices – they are no longer limited to making a phone call on a telephone, connecting to the Internet through a personal computer or even watching broadcast entertainment on a television. Today, people are accessing communication, entertainment, digital information and much more, via the Internet, through a wide range of devices (i.e. PC's, tablets, smart phones, laptops and other browser-enabled devices). The rapid growth of mobile devices has afforded freedom and flexibility to consumers and businesses. However, the technological environment is far from perfect and the proliferation of proprietary devices has created a growing set of problems relating to software incompatibility and varying hardware functionality.

In general, incompatibility exists because device manufacturers and software developers want to retain a measure of control over the use of their devices, their content and software. By way of example, Apple's decision not to support Adobe Flash, has restricted the user's ability to view content on many websites. Functional differences in hardware exist because of product positioning decisions on the part of manufacturers. Incompatibility and limited functionality are clearly not ideal for consumers, nor for businesses, that want more freedom to connect to any content or applications on the device of their choosing. Consequently there is a significant business opportunity to assist consumers and businesses to address these challenges.

Society has become accustomed to the need for required software applications to help run businesses and personal lives. Purchasers are generally required to acquire "appropriate hardware" that supports and best runs that required software. In addition, individuals are required in many cases to own and use multiple devices in order to achieve a desired level of productivity. This includes, but is not limited to:

- desktops that run full software versions because of their speed and large display;
- laptops that provide the functionality of a desktop but allow us the freedom to easily move around;
- tablets that provide even greater mobility but lack the ability to run PC applications;
- smartphones that we can take anywhere, but with even less functionality than tablets.

Faced with these compatibility issues, individuals and companies are demanding more flexibility, access and capabilities to make their lives more productive. Current market trends include:

- Bring Your Own Device (BYOD): individuals want to carry and use the tablet, phone or device of their choice for both personal and business, causing challenges to manufacturers, software companies and IT departments;
- Users don't want to re-learn applications or suffer from limited performance from under- powered hardware or applications – they expect speed, responsiveness and full features;
- Software developers are refusing to allocate the time and cost of developing applications in multiple versions of rapidly changing operating systems with a myriad of special configuration requirements depending on the form and features of the individual's hardware.

Recognizing the need to allow for the consolidation of digital devices and application ecosystems, Sphere 3D has created its patent pending "Glassware™ 2.0" ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user's operating system or the local device's hardware limitations.

Through Sphere 3D's Glassware 2.0 technology, end users can experience the full features and functionality of digital products on most devices, without the inherent time, space and compatibility issues of downloading software on to their systems.

By providing access to applications without the requirement of downloading them, Sphere 3D's Glassware 2.0 reduces the threat of software piracy and provides the software developer the freedom to easily choose the parameters of how their products are utilized. Software developers can provide their complete, most up-to-date, secure and fully functioning software versions of their software to their authorized users without the needed or cost of cross platform development and/or support.

Sphere 3D's Glassware 2.0 has the following primary value propositions within its business model.

1. **Consumers** can gain complete access to fully functional software versions, allowing PC productivity software to be made available on a variety of Cloud connected devices. With Glassware 2.0, users can do more than just surf or "view" documents on tablets, smartphones or other connected devices – they can create, modify and save, either locally, on their device, or in the Cloud, of their choosing.

2. **Software Developers** can expand software revenue streams to new platforms, without having to develop multiple versions of their software applications. Sphere 3D'sGlassware 2.0 thin-client technology eliminates the need for customization that is required due to the proliferation of device capabilities and operating softwares – develop once and let Glassware 2.0 enable safe, secure, customized access to the Cloud connected user device.

3. **Hardware Manufacturers** can deliver existing applications, without the requirement for modifying their hardware or requiring software developers to modify the applications to fit the specific form or features, providing faster time to market and greater customer satisfaction.

4. **Mobile Carriers** can provide their customers with more choice and flexibility in the hardware and software they utilize, driving higher adoption and usage.

5. **Enterprise Clients** can provide safe, secure mobile access to their legacy applications, without the expensive customization and inherent time and capability trade-offs required by rewrites to the Cloud. With Glassware 2.0, the enterprise's employees or business partners simply use Sphere 3D's ultra-thin client technology to access the enterprise's systems, through their own devices or company provided equipment and the enterprise's own network security protocols will apply without having to make further modifications on the actual devices.

Operations

Market Overview

Forrester forecasts that the global market for cloud computing will grow from $40.7 billion in 2011 to more than $241 billion in 2020. The total size of the public cloud market will grow from $25.5 billion in 2011 to $159.3 billion in 2020. [Source: http://softwarestrategiesblog.com/ 2012/01/17/roundup-of-cloud-computing-forecasts-and-market-estimates-2012/]

Mobile SaaS Market will reach $1.2 billion in 2011 and grow to $3.7 billion by 2016, with a five-year compound growth rate (CAGR) of 25.8 percent. The ability to integrate business applications on smartphones, tablets and other wireless devices is predicted to accelerate SaaS adoption in the corporate business environment. [Source: http://www.analytics-magazine.org/ special-articles/454-corporate-mobile-software-as-a-service-forecast]

According to International Data Corporation (IDC), by 2015, about 24% of all new business software purchases will be of service-enabled software with SaaS delivery being 13.1% of worldwide software spending. IDC further predicts that 14.4% of applications spending will be SaaS-based in the same time period. (IDC Corporate USA, “Worldwide SaaS & Cloud Services, 2011: New Models for Delivering Software”, December 2011, Robert P. Mahowald, AmyKonary, and Connor G Sullivan).

According to Frost & Sullivan, the Cloud Computing Market is expected to see considerable growth:

Cloud Computing Market- 2012-2016 (In $ billions)					
	2012	2013	2014	2015	2016
SaaS	33.09	47.22	63.19	74.43	92.75
IaaS	4.99	5.75	5.89	5.82	5.65
PaaS	2.08	4.38	7.39	9.8	11.26
BPaaS	0.8	1.26	1.95	2.93	4.28
Total	40.96	58.61	78.42	92.98	113.94

Source: Frost & Sullivan Competitive Analysis Report for Sphere 3D

Markets

In order to address these market trends and demands Sphere 3D have identified its go-to-market strategy into both B2C and B2B strategies.

Business-to-Consumer (B2C)

Sphere 3D has incorporated a wholly owned subsidiary for the purpose of deploying the B2C portion of its business, focused on software developers and the provisioning of applications for consumers. The brand name of Frostcat – "cool apps for cool cats" -- has been chosen to host our signature release of "a number of consumer-related products. With an eye towards commencing the consumer roll out of our BETA World, Sphere 3D recently sponsored the National Advertising Awards "NAA". The National Advertising Awards (NAA) is the only original creative and media communications awards competition in North America. For over 10 years the NAA has combined innovative creative thinking from Canada's advertising community with the needs of major clients – offering creative and industry experts an opportunity to promote themselves by showing their best and most original work. Through sponsorship, Sphere 3D will receive dozens of creatives from some of the most talented teams in North America to help launch the consumer focused product offering.

Sphere 3D completed Alpha testing of its first app "SurftoGo" in early 2013. The app was made available on December 20th, 2012 through Apple's App Store at www.itunes.com/appstore. SurftoGo utilized Glassware 2.0™ thin client technology to give users access to Firefox browser on devices that are otherwise not compatible with Firefox. SurftoGo provided users with the ability to browse the web faster and with the ability to use all necessary plugins like Flash, PDF and QuickTime. SurftoGo for iPad enabled iPad users the ability to utilize the native desktop version of Firefox, with all of the native features needed to browse the web.

In the first 60 days, without any advertising or promotion, there were over 5,000 registration requests that came from a multitude of countries around the World. The registration rate increased from less than 2 per day to over 300 per day in that period.

Marketing for Frostcat's apps will include: social networking sites and their viral reach, bloggers, and partnerships with telecommunication and software manufacturers. Sales will be through the Web, and via various software application marketplaces such as Apples' App Store. User fees will come through traditional e-commerce sites and/or the application marketplaces themselves.

Business to Business (B2B)

Sphere 3D's B2B side of the business will continue to operate under the Sphere 3D business name and the "Glassware 2.0"™ brand. Glassware 2.0 ™ is Sphere 3D's new ultra-thin client protocol which includes our product emulation, software virtualization and data collection & analytics.

Like Sphere 3D's consumer division, social networking, media, trade shows and publications will form the foundation of Sphere 3D's marketing plan, to engage, empower and support digital product companies via resellers, partners, and joint ventures.

Glassware 2.0 ™ benefits the enterprise in a number of ways, including:

- Remote access and Bring Your Own Device BYOD": Businesses are no longer restricted to a particular location or access on a specific device. You can access your applications and data from any cloud enabled device. This enables the business to increase efficiency while reducing hardware and software costs.

- Compatibility and Sizing: Legacy software can quickly be ported to a Cloud environment without the need for any customization. Businesses can quickly access more, or less, resources based on your business' requirements. No need to pay for excess infrastructure and yet you have immediate access to additional resources when you need them.

- Security: With the proliferation of BYOD, the enterprise needs to establish security for otherwise unsecure platforms. Now IT departments can utilize existing Windows security protocols with multiple platforms (Android, Linux, iOS, etc.). Additional security benefits include availability of real-time backup which results in less data loss and the ability to control data exchange by your staff.

- Developers: Eliminates the need to rewrite software in multiple operating systems thereby reducing the complexity of getting an application to run in the Cloud and accessible by a multitude of concurrent users;

- Analytics: Allows an enterprise to identify and pinpoint many key data points that can be translated into valuable research data for marketing, sales, training and manufacturing needs. Complete data collection and analytics can be delivered in real time and can be customized to the client's needs or requirements.

Marketing Plans and Strategies

Sphere 3D is an enabling technology serving the following markets:

- **Consumers** are free to choose what they want to run, on the device of their choice with superior performance and easy access – removing compatibility headaches.
- **Software Developers** can extend their software to new platforms, without custom development, while protecting against piracy – increasing license revenue streams.
- **Hardware Manufacturers** can deliver existing applications, without custom device- specific development – improving time to market.
- **Mobile Carriers** to improve user experience and drive the demand for tablets, smartphones and 4G/LTE networks – driving adoption and usage.
- **Enterprise Clients** to convert legacy applications to securely operate on mobile devices without expensive customization – making mobile workers productive.

The following chart provides a schematic illustration of Sphere 3D's role in service delivery:

	Develop	Hosting	Authenticate	Provision	Bill	Support	License
Sphere 3D	• Emulation • Virtualize • OS link • Hardware protocols	• Protocols • PoC • Trials • Managed Apps	• User • License • Device IP • Device O/S	• Thin Client • Connection • Interface	• Trigger to partner i.e. Telecom; Android; iTunes • Subscription/period	• Developer • Carrier • Infrastructure • Test & Config	• **SPH3 Utility:** • EULA • SLA • **$ Revenue** • Fixed • Var'l Fee
Software Vendor	• Application • Functionality • Navigation • Controls	*Long Term* • Infras. • Monitor • Config • Network Future	• License on server	• N/A	• License to hosting	• Features • Usage • Design	• App License (**EULA**) • 1X • Rental • Subscriber
Distribution /iTunes/Android	• Launch iCon • Add to Site/ Store • Test	*Long Term* • Infras. • Monitor • Config • Network Future	• Customer Account i.e. GMAIL; iTunes; Client ID #	• N/A	• @ Sale • Monthly • 1X • Quarterly • Annual • Remit to SPH3	• Features • Billing	• N/A • **Fees** • % rev • Access

Competitive Conditions

Management believes that the Sphere 3D's Glassware 2.0™ ultra-thin client platform design and architecture is unique and innovative, such that any measurable competition is limited to somewhat similar technologies within the device and software emulation and virtualization market place.

On the B2B side, companies such as VMware, Citrix and Microsoft focus on providing enterprise solutions to address the issue of multiple operating system requirements and mobile access. These multi-billion dollar corporations have recognized the business requirement of providing access anywhere, anytime and using any device and are providing wide ranging enterprise solutions to address the problem but at a price that only large businesses can afford and with limitations on the number of users, type of software, availability on multiple devices as well as a great deal of complexity in their deployments. Sphere 3D has developed a solution for end users that will enable SMB (Small Medium Business), as well as large enterprises, the pricing and technical flexibility required for adoption of new technologies.

Management commissioned Frost & Sullivan to prepare a competitive analysis for Sphere 3D. The analysis covered a number of factors including: Uniqueness of Technology, Compatibility, Platforms Supported, Markets Served, Intellectual Property, Security and User Experience. In summation, the report supports management's beliefs that Sphere 3D has a number of advantages within the enterprise space that the company could exploit. A copy of the report is available at the Company's website.

On the B2C side, companies like Skyfire and Cloud Browse provide browser capabilities to end users on a download basis for iOS and Android. Skyfire indicated that as of March 2012 their products have been downloaded over 13 million times since being introduced in December 2010. [Source: Skyfire press release dated March 15, 2012] Skyfire was acquired in early 2013 by Opera.

For Custom Emulations, Keynote Systems' Device Anywhere offers the capability of fully functional mobile devices but only to developers on a significant hourly rate. Mobile Device manufacturers will provide developers with SDKs (Software Development Kits) but these provide limited functionality, aimed at only limited support of the development of new Apps. Management of Sphere 3D is not aware of any other companies providing full function, product emulation for both business and consumer use directly over the Internet.

While some of our competitors appear to have similar product offerings, these products are, based on the current knowledge of management, subject to numerous restrictions and constraints such as the number of users, file sizes, data sizes, platforms, operating system's and so on. Management believes that Sphere 3D's products represent a significant advance in terms of functionality and usability.

Future Developments

Sphere 3D intends to build its organization with a focus on sales, marketing and research and development. These resources will be directed to target the immediate need of consumers and business for device and software interoperability.

The commercialization strategy going forward includes:

- Work with our current partners and other IT, software and hardware vendors, to create seamless fully integrated offerings for professionals and consumers;
- Build an enterprise distribution channel that includes country and/or segment based master distributors/licensees - quickly gain a global presence;
- Engage the Enterprise market concurrent with the Consumers segment- a push/pull strategy;
- Work with OEM Software partners to embed Glassware 2.0™ as a protocol for delivering Application virtualization;
- Develop and release APIs to create a groundswell of developer community that supports the platform;
- Utilize existing app stores such as : Google Play for Android, iOS App Store for Apple, Windows Store and Windows Phone Store for Microsoft Windows, and BlackBerry World for BlackBerry products;
- List in Cloud based app stores such as: AppDirect, SkyAppMarket, Chrome Web Store, and Salesforce AppExchange

To support its market strategy, Sphere 3D intends to continue to increase its service delivery capacity within the scalable model it has already established, and add selective technology functionality to its platform to enhance specific vertical and/or client offerings.

Proprietary Protection

Sphere 3D has designed and maintains its web-based platform. Sphere 3D will be relying on a combination of patents, trademarks, trade secret and copyright laws and contractual restrictions to protect the proprietary aspects of its products and services. Although every effort is made to protect Sphere 3D's intellectual property, these legal protections may only afford limited protection. Sphere 3D intends to continue to selectively pursue patenting of further technology developed in the future.

Sphere 3D has filed the following patents in Canada, each of which is pending registration:

2,764,283	Mobile Device Control Application for Improved Security and Diagnostics
2,764,354	Host-Emulator Bridge System and Method
2,764,362	RDP Session Monitor/Control System and Application

Sphere 3D has filed the following patents in the United States, each of which is pending registration:

13/741,884	Systems and Methods of Optimizing Resources for Emulation
13/742,585	Systems and Methods of Managing Access to Remote Resources
13/742,632	Systems and Methods for Managing Emulation Sessions
61/806,048	Systems and Methods for Providing an Emulator
61/806,054	Systems and Methods for Managing Emulation Resources
61/806,059	Systems and Methods for Accessing Remote Resources for Emulation

Sphere 3D has filed the following trademarks in Canada:

1600132	GLASSWARE 2.0
1600532	RALII
1615670	SPHERE 3D
1617275	ANY APP, ANY DEVICE, ANYTIME

Currently, Sphere 3D does not have any registered patents. Sphere 3D may continue to file for patents regarding aspects of its platform, services and delivery method at a later date depending on the costs and timing associated with filing. Sphere 3D may make investments to further strengthen its copyright protection going forward, although no assurances can be given that it will be successful in such patent and trademark protection endeavours. Sphere 3D seeks to limit disclosure of its intellectual property by requiring employees, consultants, and partners with access to its proprietary platform and information to execute confidentiality agreements and non-competition agreements and by restricting access to Sphere 3D proprietary information. Due to rapid technological change, Sphere 3D believes that factors such as the expertise and technological and creative skills of our personnel, new services and enhancements to our existing services are more important to establish and maintain an industry and technology advantage than other available legal protections.

Despite Sphere 3D's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of its services or to obtain and use information that Sphere 3D regards as proprietary. The laws of many countries do not protect proprietary rights to the same extent as the laws of the United States or Canada. Litigation may be necessary in the future to enforce Sphere 3D's intellectual property rights, to protect Sphere 3D's trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on Sphere 3D's business, operating results and financial condition. There can be no assurance that Sphere 3D's means of protecting its proprietary rights will be adequate or that our competitors will not independently develop similar services or products. Any failure by Sphere 3D to adequately protect its intellectual property could have a material adverse effect on its business, operating results and financial condition.

SEGEMENTED INFORMATION

The Company’s product development, sales, and marketing operations are conducted from its offices in Mississauga, ON, Canada. All sales and assets of the Company have been in Canada. The Company’s operations are limited to a single industry segment, being the development, and sale of Sphere 3D’s “Glassware™ 2.0” ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user’s operating system or the local device’s hardware limitations.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2012, 2011 and 2010

The table below sets out certain selected financial information regarding the consolidated operations of Sphere 3D for the periods indicated. The selected financial information has been prepared in accordance with IFRS. This information is taken from and should be read in conjunction with Sphere 3D's financial statements and related notes:

		Year ended	
	December 31 2012 (audited)	December 31 2011 (audited)	December 31 2010 (audited)
Revenue	$ 409,347	$ 261,210	$ -
Net comprehensive loss for the period	(2,461,305)	(1,048,182)	-
Loss per share	$ (0.21)	$ (0.11)	$ -

AS AT	December 31 2012 (audited)	December 31 2011 (audited)	December 31 2010 (audited)
Current assets	$ 2,032,021	$ 700,152	$ 37,500
Non-current assets	1,178,698	1,082,455	695,000
Total assets	$ 3,210,719	$ 1,782,607	$ 732,500
Current liabilities	$ 303,218	$ 391,457	$ -
Total equity	$ 2,907,501	$ 1,391,150	$ 732,500

Sphere 3D has not declared any dividends since its incorporation. Sphere 3D does not anticipate paying cash dividends in the foreseeable future on its Sphere 3D Shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of Sphere 3D and will depend upon Sphere 3D's financial condition, results of operations, capital requirements and such other factors as the board of directors of Sphere 3D deems relevant.

Results of Operations

On December 31, 2010, Sphere 3D acquired its virtualization and emulation software technology, in a non-arm’s length transaction. Prior to that time, Sphere 3D was inactive. Sphere 3D spent most of fiscal 2012 and 2011 focused on the development of its technology and platform, which resulted in limited revenues during this period. The majority of the revenue achieved, $409,347 in the year ended December 31, 2012 and $261,210 in the year ended December 31, 2011, related to custom designed interactive kiosks. The design, development and manufacture of these kiosks provided the Company with the ability to test out several components of its technology. The custom design interactive kiosks were a special project and are not expected to generate future revenues.

During the year ended December 31, 2012, Sphere 3D incurred cost of goods sold and general operating costs of $2,851,502 compared to $1,308,919 and $Nil incurred during the years ended December 31, 2011 and 2010.

Cost of goods sold for the year ended December 31, 2012 were $356,688 or 87.14% of revenue compared to $127,131 or 48.67% of revenue for the year ended December 31, 2011 and nil for the year ended December 31, 2010. These costs relate to initial manufacture and sale of the custom built interactive kiosks. The year ended 2012 included significantly more costs related to the low margin installation and delivery portion of the project.

Salaries and consulting for the year ended December 31, 2012 were $1,179,711 compared to $562,312 and $nil for the years ended December 31, 2011 and 2010. The Company expanded its staff throughout fiscal 2012 and expects to add additional staff in sales, marketing and research & development during fiscal 2013.

Professional fees were $380,762, $281,591 and $nil for the years ended December 31, 2012, 2011 and 2010, respectively. Professional fees mainly relate to legal and audit fees, which were incurred to complete the reverse takeover of T.B. Mining Ventures and the financings leading up to that Transaction.

General and administrative expenses were $291,745 for the year ended December 31, 2012 compared to $194,014 for the year ended December 31, 2011 and $nil incurred during the year ended December 31, 2010. The increases in general and administrative expenses during fiscal 2011 were required to support Sphere 3D's growth.

Research and development costs were $41,773, $81,348 and $nil for the years ended December 31, 2012, 2011 and 2010 respectively. These costs are for non-capitalized equipment and supplies used for the development of Sphere 3D’s technology. Sphere 3D expects to increase its spending on development during fiscal 2013 and 2014.

As a result of the reverse takeover of T.B. Mining Ventures in 2012, the Company incurred an one- time filing fee of $382,777. This expense was calculated based on the value of the shares issued to shareholders of T.B. Mining Ventures at the time of the reverse takeover less the fair value of the net assets of T.B. Mining Ventures. The Transaction, also, resulted in higher regulatory fees for the year ended December 31, 2012, as the Company achieved regulatory approval from the TSX-V for the Transaction.

The net comprehensive loss for the year ended December 31, 2012 was $2,461,305 or $0.21 per share compared with a net comprehensive loss in 2011 of $1,048,182 or $0.11 per share and a net comprehensive loss of $nil or $nil per share for the year ended December 31, 2010. Sphere 3D expects to continue to incur losses for the remainder of fiscal 2013 as it completes its development of its technology and commercializes its products.

Financial Position

Sphere 3D's cash position increased during the year ended December 31, 2012 by $1,475,240 compared to an increase of $157,994 for the year ended December 31, 2011. Operating activities required cash of $1,263,820 (2011 - $1,176,660, after adjustments for non-cash items and changes in other working capital balances. Investing activities required cash of $118,786 (2011 - $459,978), mostly related to the acquisition of property and equipment to support Sphere 3D's ongoing development work. Sphere 3D received cash of $2,857,846 (2011 - $1,794,632), after issue costs, from the closing of its financings.

Liquidity and Capital Resources

At December 31, 2012, Sphere 3D had cash of $1,633,334 and working capital of $1,728,803 compared to cash of $158,094 and working capital of $308,695 as at December 31, 2011.

Contractual Obligations

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company's facility in Mississauga, are as follows:

Contractual Obligation	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Office Lease	$ 194,000	$ 56,500	$ 117,500	$ 20,000	$ -

Off-Balance Sheet Arrangements

None.

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 16,114,339 common shares were issued and outstanding as of the date of this MD&A.

Certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	QT Escrow		Value Share Escrow		Total	
	Number	**%**	**Number**	**%**	**Number**	**%**
Common Shares	**4,786,250**	**100**	**3,925,000**	**100**	**8,711,250**	**100**
December 27, 2012[1]	239,312	5	392,500	10	631,812	7
June 27, 2013	239,312	5	588,750	15	828,062	10
December 27, 2013	478,625	10	588,750	15	1,067,375	12
June 27, 2014	478,625	10	588,750	15	1,067,375	12
December 27, 2014	717,938	15	588,750	15	1,306,688	15
June 27, 2015	717,938	15	588,750	15	1,306,688	15
December 27, 2015	1,914,500	40	588,750	15	2,503,250	29
Total subject to escrow	**4,786,250**	**100**	**3,925,000**	**100**	**8,711,250**	**100**

(1) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release rates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinue then the unreleased securities held in the QT Escrow will be cancelled.

The Company has warrants outstanding to purchase up to an aggregate of 4,262,442 common shares, including an unit warrant, consisting of one share and one warrant, that if exercised would allow for the purchase of an additional 325,925 common shares.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 10% of the number of common shares outstanding, or 1,611,433 Options. As of the date of this MD&A, Options granted under the Option Plan to purchase up to an aggregate of 1,435,000 common shares are issued and outstanding.

Assuming that all of the outstanding options and warrants are exercised, 22,137,706 common shares would be issued and outstanding on a fully diluted basis.

Quarterly Information

As a private company, until the reverse takeover transaction which took place on December 21, 2012, Sphere 3D was not required to prepare quarterly financial statements, and as such, no quarterly financial statements are included in this MD&A.

TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company include the Company's key management personnel and independent directors. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The compensation paid or payable to key management is shown below:

		December 31 2012		December 31 2011
Salaries, fees and benefits	$	444,181	$	301,134
Share-based payments - management		66,813		-
Share-based payments - directors		134,976		-
	$	645,970	$	301,134

Legal services of $209,288 (2011 - $49,065) were provided by an independent director on terms equivalent to those if the services had been provided or received from arm's length third parties.

In addition, the Company paid approximately $26,000 in personal expenses for one of the key management personal during the year. This amount has been included in prepaid expenses and will be reimbursed through deduction from future expenses or fees.

MANAGEMENT CHANGES

On March 4, 2013, the Company appointed Mr. Peter Tassiopoulos as Chief Executive Officer of the Company. Mr. Tassiopoulos has extensive experience in information technology business development and global sales as well as a successful track record leading early-stage technology companies. Over the last decade, Peter has assisted a number of Canadian private and public technology companies build out sales and marketing plans, operational plans and access capital markets.

In connection with the retainer of Mr. Tassiopoulos, the Corporation granted him 100,000 stock options pursuant to its stock option plan, which options are subject to vesting, expire in 5 years, and have an exercise price of $0.85 per share. Mr. Tassiopoulos will receive a market base salary and annual performance bonus structure, subject to achievement of subjective and objective measurements to be established by the board of directors of the Corporation (the "**Board**"). In addition, Mr. Tassiopoulos is eligible for financial bonuses, in the event of the Corporation completes future non-brokered financings or other capital transactions, up to and including full divestiture of the Corporation or its assets. The Board believes these bonuses closely align the CEO's duty to maximize value for shareholders.

Mr. Mario Biasini, Sphere 3D's former president and CEO, remains in his role as president and as a director of the Company.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying value of cash, investments, subscriptions receivable, sales tax receivable, prepaid and sundry assets and accounts payable and accrued liabilities approximate their fair values. For

more detailed information please refer to Note 4 in the audited consolidated financial statements for the year ended December 31, 2012.

SUMMARY OF INVESTOR RELATIONS ACTIVITIES

No investor relations activities were undertaken by or on behalf of the Company during the period.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following pronouncements issued by the IASB and interpretations published by IFRIC will become effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted, with the exception of amendment to IFRS 7. IFRS 10, IFRS 11 and IFRS 12 permit early adoption if all of the standards are collectively adopted.

IFRS 7 - Financial Instruments: Disclosures was amended to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

IFRS 10 - Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. A new definition of 'control' has been established. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements establishes the principles for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method whereas for a joint operation the venture will be accounted for using the proportionate consolidation method.

IFRS 12 - Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 19 – Employee Benefits amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires remeasurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income and increases the disclosure.

The IASB also amended the following standards which is effective as per the date identified.

IAS 1 - Presentation of Financial Statements was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment is effective for annual periods beginning on or after July 1, 2012, with earlier adoption permitted.

IAS 12 – Income Taxes was amended to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model, as well as incorporating the consensus from SIC-21. This amendment is effective for annual periods beginning on or after January 1, 2012. Earlier application is permitted.

IFRS 10 – Consolidated Financial Statements was amended to require investment entities to measure subsidiaries at fair value through profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

IFRS 9 - Financial Instruments addresses the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new standard also requires a single impairment method to be used. The IASB has extended the effective date to January 1, 2015, with earlier application permitted.

The Company has not yet completed its evaluations of the effect of adopting the above standards and the impact it may have on its consolidated financial statements.

DISCLOSURE CONTROLS AND INTERNAL REPORTING

The Company has evaluated its internal controls over financial reporting and believes that as at December 31, 2012, its system of internal controls over financial reporting as defined under NI 52-109 is sufficiently designed and maintained to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

Certain weaknesses in its system are apparent. These weaknesses arise primarily from the limited number of personnel employed in the accounting and financial reporting areas, a situation that is common in many smaller companies. As a consequence of this situation:

- it is not feasible to achieve the complete segregation of duties; and
- the Company does not yet have full in house expertise in complex areas of financial accounting and taxation.

The Company believes these weaknesses are mitigated by the nature and present levels of activities and transactions within the Company being readily transparent; the active involvement of senior management and the Board of Directors in the affairs of the Company; open lines of communication within the Company and the thorough review of the Company's financial statements by senior management, the Audit Committee of the Board of Directors and the Company's auditors.

The senior officers will continue to monitor very closely all financial activities of the Company until the Company's budgets and workload will enable the hiring of additional staff for greater segregation. Nevertheless, these mitigating factors cannot eliminate the possibility that a material misstatement will occur as a result of the aforesaid weaknesses in the Company's internal controls over financial reporting. A cost effective system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

RISK AND UNCERTAINTY FACTORS

Risks Related to our Business

Limited Operating History

Sphere 3D has a limited operating history and has limited revenues derived from operations. Sphere 3D began its business operations in 2009 and did not generate its first commercial revenues until 2011. Significant expenditures were focused on research and development to create the existing product line. Sphere 3D's most recent commercial products were only introduced in 2011 and the near-term focus has been in actively developing reference accounts and building sales, marketing and support capabilities. Sphere 3D's revenue history is as follows: $nil in 2009; $nil in 2010; $261,210 in 2011; and $409,347 in 2012. As a result of these and other factors, Sphere 3D may not be able to achieve, sustain or increase profitability on an ongoing basis.

Sphere 3D is subject to many risks common to development stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, technology, and market acceptance issues. There is no assurance that Sphere 3D will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of Sphere 3D's early stage of operations.

Problems Resulting from Rapid Growth

Sphere 3D will be pursuing, from the outset, a plan to market its platform throughout Canada, the United States and abroad and will require capital in order to meet these growth plans and there can be no assurances that the Corporations capital resources will enable Sphere 3D to meet these growth needs. The plan will place significant demands upon Sphere 3D, management, and resources. Besides attracting and maintaining qualified personnel, employees or contractors, Sphere 3D expects to require working capital and other financial resources to meet the needs of its planned growth. No assurance exists that the plans will be successful or that these items will be satisfactorily handled, and this may have material adverse consequence on the business of Sphere 3D.

Additional Financing May be Required

Sphere 3D may need additional financing to continue its operations. Financing may not be available to Sphere 3D on commercially reasonable terms, if at all, when needed. There is no assurance that Sphere 3D will be successful in raising additional capital or that the proceeds of any future financings will be sufficient to meet its future capital needs.

Impact of Competition

The technology industry, including emulation and virtualization software, is very dynamic with new technology and services being introduced by a range of players, from larger established companies to start-ups, on a frequent basis. Newer technology may render Sphere 3D's technology obsolete which would have a material, adverse effect on its business and results of operations. Sphere 3D will be competing with others offering similar products. If Sphere 3D's systems and technology fail to achieve or maintain market acceptance, or if new technologies are introduced by competitors that are more favorably received than Sphere 3D's technology, or are more cost-effective or provide legal exclusivity through patents or are otherwise able to render Sphere 3D's technology obsolete, Sphere 3D will experience a decline in demand which will result in lower sales performance and associated reductions in operating profits all of which would negatively affect stock prices for Sphere 3D.

Information Technology, Network and Data Security Risks

Sphere 3D faces security risks. Any failure to adequately address these risks could have an adverse effect on the business and reputation of Sphere 3D. Computer viruses, break-ins, or other security problems could lead to misappropriation of proprietary information and interruptions, delays, or cessation in service to clients.

Reliance on Third Parties

Sphere 3D relies on certain technology services provided to it by third parties, and there can be no assurance that these third party service providers will be available to Sphere 3D in the future on acceptable commercial terms or at all. If Sphere 3D were to lose one or more of these service providers, it may not be able to replace them in a cost effective manner, or at all. This could harm the business and results of operations of Sphere 3D.

Investment in Technological Innovation

If Sphere 3D fails to invest sufficiently in research and product development, its products could become less attractive to potential clients, which could have a material adverse effect on the results of operations and financial condition of Sphere 3D.

New Laws or Regulations

A number of laws and regulations may be adopted with respect to mobile phone services covering issues such as user privacy, "indecent" materials, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security. Adoption of any such laws or regulations might impact the ability of Sphere 3D to deliver increasing levels of technological innovation and will likely add to the cost of making its products, which would adversely affect its results of operations.

Retention or Maintenance of Key Personnel

There is no assurance that Sphere 3D can continuously attract, retain or maintain key personnel in a timely manner if the need arises, even though qualified replacements are believed by management to exist. Failure to have adequate personnel may materially harm the ability of Sphere 3D to operate. Sphere 3D considers the services of John Morelli, Chief Technology Officer to be key to the operation of Sphere 3D. While there can be no assurances as to the continued retention of this individual, Sphere 3D believes that he is heavily incentivized through stock ownership that the risk of departure is low.

Conflicts of Interest

Sphere 3D may contract with affiliated parties or other companies or members of management of Sphere 3D or companies whose members of management own, or control. These persons may obtain compensation and other benefits in transactions relating to Sphere 3D. Certain members of management of Sphere 3D will have other minor business activities other than the business of Sphere 3D, but each member of management intends to devote substantially all of their working hours to Sphere 3D. Although management intends to act fairly, there can be no assurance that Sphere 3D will not possibly enter into arrangements under terms one could argue are less favorable than what could have been obtained had Sphere 3D or any other company had been dealing with unrelated persons.

Proprietary Rights Could Be Subject to Suits or Claims

No assurance exists that Sphere 3D or any Company with which it transacts business, can or will be successful in pursuing protection of proprietary rights such as business names, logos, marks, ideas, inventions, and technology which may be acquired over time. In many cases, governmental registrations may not be available or advisable, considering legalities and expense, and even if registrations are obtained, adverse claims or litigation could occur.

Lack of Control in Transactions

Management of Sphere 3D intends to retain other companies to perform various services, but may not be in a position to control or direct the activities of the parties with whom it transacts business. Success of Sphere 3D may be subject to, among other things, the success of such other parties, with each being subject to their own risks.

No Guarantee of Success

Sphere 3D, as well as those companies with which it intends to transact business, have significant business purchases, advertising, and operational plans pending and is/are, therefore, subject to various risks and uncertainties as to the outcome of these plans. No guarantee exists that Sphere 3D, or any company with which it transacts business, will be successful.

Possibility of Significant Fluctuations in Operating Results

Sphere 3D's revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to: access to funds for working capital and market acceptance of its services.

Revenues and operating results may also fluctuate based upon the number and extent of potential financing activities in the future. Thus, there can be no assurance that Sphere 3D will be able to reach profitability on a quarterly or annual basis.

Sphere 3D has not arranged for any independent market studies to validate the business plan and no outside party has made available results of market research with respect to the extent to which clients are likely to utilize its service or the probable market demand for its services. Plans of Sphere 3D for implementing its business strategy and achieving profitability are based upon the experience, judgment and assumptions of its key management personnel, and upon available information concerning the communications and technology industries. Management does not have experience in the anti-virus industry. If management's assumptions prove to be incorrect, Sphere 3D will not be successful in establishing its technology business.

Financial, Political or Economic Conditions

Sphere 3D may be subject to additional risks associated with doing business in foreign countries.

Sphere 3D currently operates within Canada, but Sphere 3D expects to do business in the United States and elsewhere in the world. As a result, it may face significant additional risks associated with doing business in other countries. In addition to the language barriers, different presentations of financial information, different business practices, and other cultural differences and barriers, ongoing business risks may result from the international political situation, uncertain legal systems and applications of law, prejudice against foreigners, corrupt practices, uncertain economic policies and potential political and economic instability. In doing business in foreign countries Sphere 3D may also be subject to such risks, including, but not limited to, currency fluctuations, regulatory problems, punitive tariffs, unstable local tax policies, trade embargoes, expropriation, corporate and personal liability for violations of local laws, possible difficulties in collecting accounts receivable, increased costs of doing business in countries with limited infrastructure, and cultural and language differences. Sphere 3D also may face competition from local companies which have longer operating histories, greater name recognition, and broader customer relationships and industry alliances in their local markets, and it may be difficult to operate profitably in some markets as a result of such competition. Foreign economies may differ favorably or unfavorably from the Canadian economy in growth of gross national product, rate of inflation, market development, rate of savings, and capital investment, resource self-sufficiency and balance of payments positions, and in other respects.

When doing business in foreign countries, Sphere 3D may be subject to uncertainties with respect to those countries' legal system and application of laws, which may impact its ability to enforce agreements and may expose it to lawsuits.

Legal systems in many foreign countries are new, unclear, and continually evolving. There can be no certainty as to the application of laws and regulations in particular instances. Many foreign countries do not have a comprehensive system of laws, and the existing regional and local laws are often in conflict and subject to inconsistent interpretation, implementation and enforcement. New laws and changes to existing laws may occur quickly and sometimes unpredictably. These factors may limit Sphere 3D’s ability to enforce agreements with its current and future clients and vendors. Furthermore, it may expose Sphere 3D to lawsuits by its clients and vendors in which it may not be adequately able to protect itself.

When doing business in foreign countries, Sphere 3D may be unable to fully comply with local and regional laws which may expose it to financial risk.

When doing business in foreign countries, Sphere 3D may be required to comply with informal laws and trade practices imposed by local and regional government administrators. Local taxes and other charges may be levied depending on the local needs to tax revenues, and may not be predictable or evenly applied. These local and regional taxes/charges and governmentally imposed business practices may affect the cost of doing business and may require Sphere 3D to constantly modify its business methods to both comply with these local rules and to lessen the financial impact and operational interference of such policies. In addition, it is often extremely burdensome for businesses operating in foreign countries to comply with some of the local and regional laws and regulations. Any failure on the part of Sphere 3D to maintain compliance with the local laws may result in fines and fees which may substantially impact its cash flow, cause a substantial decrease in revenues, and may affect its ability to continue operation.

Risks Related to Sphere 3D's Intellectual Property

Protection of Sphere 3D's Intellectual Property

Sphere 3D's products utilize a variety of proprietary rights that are important to its competitive position and success. Sphere 3D has filed a number of patent applications and has been protecting its Intellectual Property through trade secrets and copyrights. To date, Sphere has not been granted any definitive patents and because the Intellectual Property associated with the Sphere 3D's technology is evolving and rapidly changing, current intellectual property rights may not adequately protect Sphere 3D. Sphere 3D may not be successful in securing or maintaining proprietary or future patent protection for the technology used in its systems or services, and protection that is secured may be challenged and possibly lost. Sphere 3D generally enters into confidentiality or license agreements, or has confidentiality provisions in agreements with Sphere 3D's employees, consultants, strategic partners and clients and controls access to and distribution of its technology, documentation and other proprietary information. Sphere 3D's inability to protect its Intellectual Property adequately for these and other reasons could result in weakened demand for its systems or services, which would result in a decline in its revenues and profitability.

Third Party Intellectual Property Rights

Sphere 3D could become subject to litigation regarding intellectual property rights that could significantly harm its business. Sphere 3D's commercial success will also depend in part on its ability to make and sell its systems and services without infringing on the patents or proprietary rights of third parties. Competitors, many of whom have substantially greater resources than Sphere 3D and have made significant investments in competing technologies or products, may seek to apply for and obtain patents that will prevent, limit or interfere with Sphere 3D's ability to make or sell Sphere 3D's systems or provide Sphere 3D's services.

Other Risks

Sphere 3D's Share Price Fluctuations and Speculative Nature of Securities

The price of the Sphere 3D Shares could fluctuate substantially and should be considered speculative securities. The price of the Sphere 3D Shares may decline, and the price that prevails in the market may be higher or lower than the price investors pay depending on many factors, some of which are beyond Sphere 3D's control. In addition, the equity markets in general, and the Exchange in particular, have experienced extreme price and volume fluctuations historically that have often been unrelated or disproportionate to the operating performance of those companies. These broad market factors may affect the market price of the Sphere 3D Shares adversely, regardless of its operating performance.

Volatility in the Price of Sphere 3D Shares

The market for the Sphere 3D Shares may be characterized by significant price volatility when compared to seasoned issuers, and management expects that the share price will be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. Sphere 3D may in the future be a target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention from day-to-day operations and consume resources, such as cash.

Operating results may fluctuate as a result of a number of factors, many of which are outside of the control of Sphere 3D. The following factors may affect operating results: ability to compete; ability to attract clients; amount and timing of operating costs and capital expenditures related to the maintenance and expansion of the business, operations and infrastructure; general economic conditions and those economic conditions specific to the internet; ability to keep web access operational at a reasonable cost and without service interruptions; the success of product expansion; and ability to attract, motivate and retain top-quality employees.

Dividends

Management intends to retain any future earnings to support the development of the business of Sphere 3D and does not anticipate paying cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of directors of Sphere 3D after taking into account various factors, including but not limited to the financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that Sphere 3D may be a party to at the time. Accordingly, investors must rely on sales of their Sphere 3D Shares after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase Sphere 3D Shares.

ADDITIONAL INFORMATION

Additional information relating to Sphere 3D Corporation can be found on SEDAR at www.sedar.com.

Consolidated Financial Statements
(Stated in Canadian Dollars)

T.B. Mining Ventures Inc.
September 30, 2012

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Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
T.B. Mining Ventures

We have audited the accompanying financial statements of T.B. Mining Ventures Inc., which comprise the statements of financial position as at September 30, 2012, September 30, 2011 and October 1, 2011 and the statements of comprehensive loss, changes in equity and cash flows for the years ended September 30, 2012 and September 30, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of T.B. Mining Ventures Inc. as at September 30, 2012, September 30, 2011 and October 1, 2011, and the results of its operations and its cash flows for the year ended September 30, 2012 and September 30, 2011 in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Collins Barrow Toronto LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
March 8, 2013

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an independent member of BAKER TILLY INTERNATIONAL

T.B. Mining Ventures Inc.
(Incorporated under the laws of Ontario)

STATEMENTS OF FINANCIAL POSITION

(Stated in Canadian Dollars)

	September 30 2012	September 30 2011	October 1 2010
	$	$	$
		[note 11]	*[note 11]*
ASSETS			
Current assets			
Cash and cash equivalents	**100,499**	185,530	265,838
Total current assets	**100,499**	185,530	265,838
Non-current assets			
Investments *[note 5]*	**101,831**	98,617	95,513
Total non-current assets	**101,831**	98,617	95,513
Total assets	**202,330**	284,147	361,351
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**42,710**	26,162	10,728
Total current liabilities	**42,710**	26,162	10,728
EQUITY			
Share capital *[note 6]*	**408,413**	408,413	408,413
Reserves *[note 6]*	**62,175**	62,175	62,175
Deficit	**(310,968)**	(212,603)	(119,965)
Total equity	**159,620**	257,985	350,623
Total liabilities and equity	**202,330**	284,147	361,351

See accompanying notes to the financial statements

These financial statements are authorized for issue by the Board of Directors on March 8, 2013

They are signed on behalf of the Board:

"Glenn Bowman"
Director

"Mario Biasini"
Director

T.B. Mining Ventures Inc.
(Incorporated under the laws of Ontario)

STATEMENTS OF COMPREHENSIVE LOSS

(Stated in Canadian Dollars)

For the year ended September 30,

	2012	2011
	$	$
		[note 11]
REVENUE		
Investment income	**3,214**	3,103
EXPENSES		
Corporate accounting services *[note 8]*	**8,187**	9,250
General and administrative	**14,168**	15,345
Filing services	**4,793**	4,335
Listing fees	**5,876**	5,876
Professional fees	**68,555**	60,935
	101,579	95,741
Loss and comprehensive loss for the year	**(98,365)**	(92,638)
Basic and diluted loss per share *[note 7]*	(0.03)	(0.03)

See accompanying notes to the financial statements

T.B. Mining Ventures Inc.
(Incorporated under the laws of Ontario)

STATEMENTS OF CASH FLOW

(Stated in Canadian Dollars)

For the year ended September 30,

	2012	2011
	$	$
OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	**(98,365)**	(92,638)
Changes in non-cash working capital balances related to operations		
Accounts payable and accrued liabilities	**16,548**	15,433
Cash used in operating activities	**(81,817)**	(77,205)
INVESTMENT ACTIVITIES		
Accrued interest on investment	**(3,214)**	(3,103)
Cash used in investment activities	**(3,214)**	(3,103)
Increase in cash and cash equivalents during period	**(85,031)**	(80,308)
Cash and cash equivalents, beginning of period	**185,530**	265,838
Cash and cash equivalents, end of period	**100,499**	185,530

See accompanying notes to the financial statements

T.B. Mining Ventures Inc.
(Incorporated under the laws of Ontario)

STATEMENTS OF CHANGES IN EQUITY

(Stated in Canadian Dollars)

	Share Capital			Reserves						
Issued and outstanding:	Number of Shares	Share Capital	Obligation to issue shares	Warrants	Equity Settled Employee Benefits	Agents Options	Available-for-sale financial assets	Foreign currency transaction	Deficit	Total Equity
Balance as at October 01, 2010	3,025,000	408,413	-	7,875	54,300	-	-	-	(119,965)	350,623
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	(92,638)	(92,638)
Balance as at September 30, 2011	3,025,000	408,413	-	7,875	54,300	-	-	-	(212,603)	257,985
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	(98,365)	(98,365)
Balance as at September 30, 2012	**3,025,000**	**408,413**	-	**7,875**	**54,300**	-	-	-	**(310,968)**	**159,620**

See accompanying notes to the financial statements

NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

For the year ended September 30, 2012

1. NATURE OF BUSINESS AND GOING CONCERN

T.B. Mining Ventures (the "Corporation" or "T.B. Mining") was incorporated under the laws of the Province of Ontario on May 2, 2007. The Corporation completed an initial public offering and commenced trading on the TSX Venture Exchange (the “TSX-V” or “Exchange”) on September 8, 2010 and is classified as a Capital Pool Company (“CPC”) as defined in the TSX-V Listings Policy 2.4. As a CPC, the principal business of the Corporation is to complete a Qualifying Transaction ("QT") by identifying and evaluating opportunities for the acquisition of an interest in assets or a business, and subsequently negotiate an acquisition or participation subject to acceptance for filing by the Exchange. (See Note 2 - Subsequent event)

2. AMALGAMATION AGREEMENT

On October 2, 2012 the shareholders of the Corporation approved certain corporate changes required as part of an amalgamation with Sphere 3D Inc., a Canadian corporation ("Sphere 3D"), where the Corporation will acquire all the issued and outstanding securities of Sphere 3D by issuing 15,174,201 to the shareholders of Sphere 3D and by way of a three cornered amalgamation of Sphere 3D, T.B. Mining and a wholly owned subsidiary of T.B. Mining (the "Qualifying Transaction").

At the special meeting of shareholders the shareholders approved the following matters, subject to completion of the Qualifying Transaction:

(a) the change of name of the Corporation from T.B. Mining Ventures Inc. to "Sphere 3D Corporation"
(b) the adoption of a new stock option plan (the "Stock Option Plan") of the Corporation; the Stock Option Plan is a "rolling" plan under which up to 10% of the issued and outstanding common shares of the Corporation from time to time, subject to adjustment in certain circumstances, may be issued;
(c) the consolidation of the outstanding common shares of the Corporation on the basis of 0.25 consolidated new common share for each of one (1) issued and outstanding common share and 0.25 consolidated new incentive stock option for each of one (1) issued and outstanding incentive stock option;

In addition the Corporation announced that the shareholders of the Corporation approved new by-laws to conform with current public company requirements. The shareholders of the Corporation also authorized by special resolution the listing of the Corporation on the NEX in the event the Corporation does not complete a Qualifying Transaction by the deadline imposed by the TSX-V, and the cancellation of up to 50% of the common shares currently held in escrow and purchased by the non arm's length parties of the Corporation.

On December 21, 2012, the Corporation completed the Qualifying transaction (the “Transaction”) with Sphere 3D and changed its name to Sphere 3D Corporation. The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange. Accordingly, the former security-holders of Sphere 3D acquired control of the Corporation through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D.

Amalgamation agreement to acquire Kaskattama Inc.

On July 19, 2011 the Corporation entered into an amalgamation agreement, (the “Agreement”), with Kaskattama Inc., an Ontario corporation (“Kaskattama”), to acquire all the issued and outstanding securities of Kaskattama by way of a three cornered amalgamation of Kaskattama, T.B. Mining and a wholly owned subsidiary of T.B. Mining to be created (the “Transaction”). The Agreement followed a letter of intent regarding the Transaction signed on November 15, 2010 between T.B. Mining and Kaskattama (see press release of November 17, 2010). It was intended to represent the Corporation’s qualifying transaction as defined by the TSX-V. The agreement was terminated March 15, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Corporation's first annual financial statements to be presented in accordance with IFRS. Previously, the Corporation prepared its annual financial statements in accordance with GAAP.

Basis of Presentation

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These financial statements including comparatives have been prepared on the basis of IFRS standards that are effective or available for early adoption on September 30, 2012, the Corporation's first annual reporting date.

The preparation of these financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. They have also been applied in preparing an opening IFRS balance sheet at October 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from GAAP to IFRS is explained in *[note 11]*.

Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transaction costs, and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss • held-to-maturity investments
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within general and administrative costs', 'interest income' or 'other income'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Corporation currently does not hold any loans and receivables designated into this category.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The Corporation's cash and cash equivalents, and investments fall into this category of financial instrument.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Corporation has the intention and ability to hold them until maturity. The Corporation currently does not hold any investments designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Corporation does not hold any available-for-sale financial assets.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Financial liabilities

The Corporation's financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted. For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default of delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable and deposits, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Corporation does not have any derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Share capital

Share capital represents the fair value of consideration received. Equity instruments are contracts that give a residual interest in the net assets of the Corporation. Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, contributed surplus, and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Corporation periodically issues units to investors consisting of common shares and warrants in non-brokered private placements. Each whole warrant issued entitles the holder to acquire a common share of the Corporation, at a fixed Canadian dollar price over a specified term. These warrants are not transferable from the original investor to a new investor. The Corporation's investor warrants are equity instruments and not financial liabilities or financial derivatives.

When investor or other warrants are exercised, the proceeds received are added to share capital. When investor or other warrants expire unexercised, no accounting entry is recorded.

Share-based payment transactions

The Corporation operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Corporation's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is determined at the grant date.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the inputs used in accounting for share based payment expense in the statement of comprehensive loss;

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or at the date of their origin.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

a) Accounting Standards Issued and Effective January 1, 2013 and January 1, 2015 in the case of IFRS 9

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10, Consolidated Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:
- Requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements;
- Defines the principle of control, and establishes control as the basis for consolidation;
- Sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and - Sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 10 supersedes IAS 27 and SIC-12, Consolidation - Special Purpose Entities.

IFRS 11, Joint Arrangements, establishes the core principle that a party to a joint arrangement determines the type of joint arrangements in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with the type of joint arrangement.

IFRS 12, Disclosure of Involvement with Other Entities, requires the disclosure of information that enables users of consolidated financial statements to evaluate the nature of and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13, Fair Value Measurement, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for the following:

- Share-based payment transactions within the scope of IFRS 2, Share-based Payment;
- Leasing transactions within the scope of IAS 17, Leases;
- Measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, Inventories, or value in use in IAS 36, Impairment of Assets.

IAS 27, Separate Financial Statements, has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investment in Associates and Joint Ventures, prescribes the accounting for investment in associates and jooint ventures and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associated or joint venture).

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine, summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

5. INVESTMENTS

	2012 $	2011 $
Cash	**9**	9
Investments	**101,822**	98,608
	101,831	98,617

As at September 30, 2012 the Corporation held Canadian dollar denominated guaranteed investment certificates maturing September 2014 and yielding 3.25% [2011 - September 2014, yielding 3.25%] .

6. CAPITAL AND RESERVES

i. Authorized

The Corporation is authorized to issue an unlimited number of common shares.

ii. Details of share issuances

2010

Initial Public Offering

On September 8, 2010 the Corporation completed its initial public offering (the “IPO”) of 1,500,000 common shares at a price of $0.20 per common share for gross proceeds of $300,000. The Corporation paid the Agent a cash commission of $25,500, which is equal to 8.5% of the proceeds and granted a non-transferable option (the “Broker warrants”) to purchase 75,000 common shares of the Corporation equal to 5% of the number of common shares sold through the IPO. The broker warrants are exercisable for a period of 24 months from the date of listing on the TSX Venture Exchange (the “Exchange”) at a price of $0.20 per common share.

NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

For the year ended September 30, 2012

iii. Warrants

The following table reflects the continuity of warrants:

Expiry Date	Exercise Price $	2010 and 2011 Opening Balance #	Warrants Issued #	Warrants Exercised #	Warrants Expired #	2012 Closing Balance #
September 8, 2012	0.20	75,000	-	-	(75,000)	-
		75,000	-	-	(75,000)	-

iv. Share based payment plan

The Corporation has a stock option plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee, of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

Expiry Date	Exercise Price $	2010 and 2011 Opening Balance #	Granted #	Exercised #	Expired/ Cancelled #	2012 Closing Balance #
September 8, 2020	0.20	300,000		--	-	**300,000**
Weighted average exercise price		0.20		--	-	**0.20**

All 300,000 options are subject to a Tier 2 Value Escrow Security Agreement and may not be released from escrow and traded without the prior written consent of the regulatory authorities.

7. LOSS PER SHARE

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the year. Fully diluted loss per share is the same as basic loss per share. The effect of common share purchase options, warrants and underwriter's warrants on the net loss is not reflected as to do so would be anti-dilutive.

The following table sets for the computation of basic and diluted loss per share:

	2012	2011
Numerator:		
Net loss	**(98,365)**	(92,638)
Denominator:		
Weighted average number of common shares	**3,025,000**	3,025,000
Weighted average loss per share	**(0.03)**	(0.03)

8. RELATED PARTIES

The following are the related party transactions within these financial statements:

Included in operating expenses are amounts totalling $8,187 [2011 - $9,250] for a recovery of cost for accounting services and related charges provided by 1752466 Ontario Inc., which a company related to the Corporation through Dan Mechis, Director of the Corporation.

9. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares and, acquire or dispose of assets.

The Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In 2012 and 2011, the Corporation had cash and cash equivalents in level 1 and investments in level 2.

10. FINANCIAL RISKS AND RELATED RISKS

The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

[a] Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of off-set exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade credit risk
The Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.

ii) Cash and cash equivalents and investments
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments. Limits are also established based on the type of investment, the counterparty and the credit rate.

iii) Derivative financial instruments
As at September 30, 2012 the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments and in order to manage credit risk, it will only enter into derivative financial instruments with highly rated investment grade counterparties.

[b] Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

[c] Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a significant loss as a result of a decline in the fair market value of investments and other items held within cash and cash equivalents is limited given that the majority of investments have a relatively short maturity. The Corporation manages its interest rate risk with investments by investing the majority of funds in short-term investments and therefore is not exposed to significant fluctuations in interest rates.

The Corporation does not invest in derivatives to mitigate these risks.

11. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in note 3, these are the Corporation's first financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS.

The accounting polices in note 3 have been applied in preparing the financial statements for year ended September 30, 2012, the comparative information for the year ended September 30, 2011, and the preparation of an opening IFRS statement of financial position on the Transition Date, October 1, 2010.

In preparing its opening IFRS statement of financial position, comparative information for the year ended September 30, 2012, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with GAAP.

An explanation of how the transition from previous GAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS are set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exception for first time adopters of IFRS. The Corporation elected to take the following IFRS 1 optional exemption:

- to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date;

NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

For the year ended September 30, 2012

Reconciliation of Assets, Liabilities and Equity

	As at October 1, 2010		
	GAAP	**Effect of transition to IFRS**	**IFRS**
		Notes (a) - (b)	
	$	$	$
ASSETS			
Non-current assets			
Investments	**95,513**	-	**95,513**
Total non-current assets	**95,513**	-	**95,513**
Current assets			
Cash and cash equivalents	**265,838**	-	**265,838**
	265,838	-	**265,838**
Total assets	**361,351**	-	**361,351**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**10,728**	-	**10,728**
Total liabilities	**10,728**	-	**10,728**
EQUITY			
Common shares	**408,413**	-	**408,413**
Share purchase warrants	**7,875**	(7,875)	-
Contibuted surplus	**54,300**	(54,300)	-
Reserves	-	62,175	**62,175**
Deficit	**(119,965)**	-	**(119,965)**
Total equity	**350,623**	-	**350,623**
Total equity and liabilities	**361,351**	-	**361,351**

NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

For the year ended September 30, 2012

Reconciliation of Assets, Liabilities and Equity (continued)

	As at September 30, 2011		
	GAAP	Effect of transition to IFRS	IFRS
		Notes (a) - (b)	
	$	$	$
ASSETS			
Non-current assets			
Investments	**98,617**	-	**98,617**
Total non-current assets	**98,617**	-	**98,617**
Current assets			
Cash and cash equivalents	**185,530**	-	**185,530**
	185,530	-	**185,530**
Total assets	**284,147**	-	**284,147**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**26,162**	-	**26,162**
Total liabilities	**26,162**	-	**26,162**
EQUITY			
Common shares	**408,413**	-	**408,413**
Share purchases warrants	**7,875**	(7,875)	-
Contributed surplus	**54,300**	(54,300)	-
Reserves	-	62,175	**62,175**
Deficit	**(212,603)**	-	**(212,603)**
Total equity	**257,985**	-	**257,985**
Total equity and liabilities	**284,147**	-	**284,147**

T.B. Mining Ventures Inc.
(Incorporated under the laws of Ontario)

NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

For the year ended September 30, 2012

Reconciliation of Loss and Comprehensive Loss

	Year ended September 30, 2011		
	GAAP	Effect of transition to IFRS	IFRS
		Notes (a) - (b)	
	$	$	$
Expenses			
Corporate accounting services	**9,250**	-	**9,250**
General and administrative	**15,345**	-	**15,345**
Filing services	**4,335**	-	**4,335**
Listing fees	**5,876**	-	**5,876**
Professional fees	**60,935**	-	**60,935**
	95,741	-	**95,741**
Loss for the year	**(95,741)**	-	**(95,741)**
Other comprehens			
Investment income	**3,103**	-	**3,103**
Other comprehensive income	**3,103**	-	**3,103**
Total comprehensive loss	**(92,638)**	-	**(92,638)**

T.B. Mining Ventures Inc.
(Incorporated under the laws of Ontario)

NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

For the year ended September 30, 2012

Reconciliation of Cash Flows

	Year ended September 30, 2011		
	GAAP	**Effect of transition to IFRS**	**IFRS**
		Notes (a) - (b)	
	$	$	$
Operating activities			
Loss and comprehensive loss for year	**(92,638)**	-	**(92,638)**
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash			
Net change in non-cash working capital balances related to operations	**15,433**	-	**15,433**
Cash and equivalents used in operating activities	**(77,205)**	-	**(77,205)**
Investing activities			
Accrued interest on investment	**(3,103)**	-	**(3,103)**
Cash and equivalents used for investing activities	**(3,103)**	-	**(3,103)**
Decrease in cash and cash equivalents	**(80,308)**	-	**(80,308)**
Cash and cash equivalents, beginning of the year	**265,838**	-	**265,838**
Cash and cash equivalents, end of year	**185,530**	-	**185,530**

Notes to Reconciliation

[a] Share-based payment

Under GAAP, the Corporation measured share-based compensation related to stock options at the fair value of the options granted using the Black-Scholes option pricing formula and recognized its expense over the vesting period for the options. For the purposes of accounting for share based payment transactions an individual is classified as an employee when the individual is consistently represented to be an employee under law. The fair value of the options granted to employees were measured on the date of grant. The fair value of options granted to contractors and consultants were measured on the date the services were completed. Forfeitures were recognized as they occurred.

IFRS 2 Share-based payment requires the Corporation to measure share-based compensation related to share purchase options granted to employees at the fair value of the options on the grant date and to recognize such expense over the vesting period of the options. However, under IFRS 2, the recognition of such expense must be done with a “graded vesting” methodology as opposed to the straight-line vesting method allowed under Canadian GAAP. In addition, under IFRS, forfeitures estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods, whereas under Canadian GAAP forfeitures are recognized as they occur. Furthermore, for options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured. For the purpose of accounting for share based payment transactions an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader than that previously applied by the Corporation and resulted in certain contractors and consultants being classified as employees under IFRS.

The Corporation has elected to apply the requirements of IFRS 2, Share-based payment, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date. There was no impact on the financial statements. Under GAAP, the Corporation measured share-based compensation related to stock options at the fair value of the options granted using the Black-Scholes option pricing formula and recognized its expense over the vesting period for the options. For the purposes of accounting for share based payment transactions an individual is classified as an employee when the individual is consistently represented to be an employee under law. The fair value of the options granted to employees is measured on the date of grant. The fair value of options granted to contractors and consultants are measured on the date the services are completed. Forfeitures are recognized as they occur.

For the share purchase options granted to the individuals reclassified, change in fair value after the grant date previously recognized for GAAP purposes did not require any adjustment. There were no unvested options issued and outstanding as of and after the Transition Date.

[b] Reclassification within equity section

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Corporation reviewed its contributed surplus and share purchases warrants accounts and concluded that as at the Transition Date of October 1, 2010, the entire balance of $62,175 related to Reserves. As a result, the Corporation believes a reclassification is necessary within the equity section between "Contributed surplus and share purchase warrants" and the "Reserves" account. For comparative purposes, as at September 30, 2011, the entire $62,175 "Contributed surplus and share purchase warrants" accounts were reclassified into "Reserves". Additionally, as at September 30, 2011, $62,175 "Contributed surplus and share purchases warrant" accounts were reclassified as "Reserves".

T.B. MINING VENTURES INC.

Management's Discussion & Analysis
Form 51-102F1

For the year ending September 30, 2012

Date of Report: March ~~[],~~ 8, 2013

The following management discussion and analysis is a review of operations, current financial position and outlook for our Corporation and should be read in conjunction with the audited financial statements for the year ending September 30, 2012. Readers are encouraged to review our financial statements in conjunction with this document, copies of which are filed on the SEDAR website available at www.sedar.com.

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

~~The~~Our Corporation's~~se~~ financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These are the Corporation's first annual financial statements to be presented in accordance with IFRS.

Previously, the Corporation prepared its annual financial statements in accordance with GAAP.

Disclaimer for Forward-Looking Information

Certain statements in this report are forward-looking statements, which reflect management's expectations regarding future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of March ~~[],~~ 8, 2013. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

Description of Business

T.B. Mining Ventures (the "Corporation" or "T.B. Mining") was incorporated under the laws of the Province of Ontario on May 2, 2007. The Corporation completed an initial public offering and commenced trading on the TSX Venture Exchange (the "TSX-V" or "Exchange") on September 8, 2010 and was classified as a Capital Pool Company ("CPC") as defined in the TSX-V Listings Policy 2.4. As a CPC, the principal business of the Corporation is to complete a Qualifying Transaction ("QT") by identifying and evaluating opportunities for the acquisition of an interest in assets or a business, and subsequently negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange (see Proposed Qualifying Transaction).

Proposed Qualifying Transaction

On October 2, 2012 the shareholders of the Corporation approved certain corporate changes required as part of an amalgamation with Sphere 3D Inc., a Canadian corporation ("Sphere 3D"), where the Corporation will acquire all the issued and outstanding securities of Sphere 3D by issuing 15,174,201 to the shareholders of Sphere 3D and by way of a three cornered amalgamation of Sphere 3D, T.B. Mining and a wholly owned subsidiary of T.B. Mining (the "Qualifying Transaction").

At the special meeting of shareholders the shareholders approved the following matters, subject to completion of the Qualifying Transaction:

(a) the change of name of the Corporation from T.B. Mining Ventures Inc. to "Sphere 3D Corporation"

(b) the adoption of a new stock option plan (the "Stock Option Plan") of the Corporation; the Stock Option Plan is a "rolling" plan under which up to 10% of the issued and outstanding common shares of the Corporation from time to time, subject to adjustment in certain circumstances, may be issued;

(c) the consolidation of the outstanding common shares of the Corporation on the basis of 0.25 consolidated new common share for each of one (1) issued and outstanding common share and 0.25 consolidated new incentive stock option for each of one (1) issued and outstanding incentive stock option;

In addition the Corporation announced that the shareholders of the Corporation approved new by-laws to conform with current public company requirements. The shareholders of the Corporation also authorized by special resolution the listing of the Corporation on the NEX in the event the Corporation did not complete a Qualifying Transaction by the deadline imposed by the TSX-V, and the cancellation of up to 50% of the common shares currently held in escrow and purchased by the non arm's length parties of the Corporation.

On December 21, 2012, the Corporation completed the Qualifying transaction (the “Transaction”) with Sphere 3D and changed its name to Sphere 3D Corporation. The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange. Accordingly, the former security-holders of Sphere 3D acquired control of the Corporation through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D.

Amalgamation agreement to acquire Kaskattama Inc.

On July 19, 2011 the Corporation entered into an amalgamation agreement, (the “Agreement”), with Kaskattama Inc., an Ontario corporation (“Kaskattama”), to acquire all the issued and outstanding securities of Kaskattama by way of a three cornered amalgamation of Kaskattama, T.B. Mining and a wholly owned subsidiary of T.B. Mining to be created (the “Transaction”). The Agreement followed a letter of intent regarding the Transaction signed on November 15, 2010 between T.B. Mining and Kaskattama (see press release of November 17, 2010). It was intended to represent the Corporation’s qualifying transaction as defined by the TSX-V. The agreement was terminated March 15, 2012.

Selected Financial Data

The following table provides selected financial information and should be read in conjunction with the Corporation's audited financial statements for the periods below:

	Year ended September 30	Year ended September 30,	Year ended September 30,
	2012 $	2011 $	2010 $
Operations			
Total revenue	3,214	3,103	3,090
Loss and comprehensive loss for the year	98,365	92,638	88,428
Basic and diluted loss per share	0.03	0.03	0.05
Balance Sheet			
Working capital	~~159,620~~57,789	~~257,985~~159,368	~~350,623~~255,110
Total assets	202,330	284,147	361,351
Total liabilities	42,710	26,162	10,728

Results of Operations

Overall Performance

During the three months ended September 30, 2012 the Corporation operated as a Capital Pool Company.

Summary of Financial Results

The following table sets out selected financial data for the most recently completed fiscal periods:

	July 1, 2012 to September 30, 2012	April 1, 2012 to June 30, 2012	January 1, 2012 to March 31, 2012	October 1, 2011 to December 31, 2011	July 1, 2011 to September 30, 2011	April 1, 2011 to June 30, 2011	January 1, 2011 to March 31, 2011	October 1, 2010 to December 31, 2010	Inception to September 30, 2010
Total Revenue	$811	$798	$798	$807	$779	$779	$764	$781	$9,585
Total expenses	$52,551	$(20,094)	$17,730	$51,392	$31,473	$9,589	$23,109	$31,570	$129,550
Netgain/(loss)	$(51,740)	$20,892	$(16,932)	$(50,585)	($30,694)	($8,810)	($22,345)	($30,789)	($119,965)
Basic and diluted net loss per share	$(0.01)	$0.01	$(0.01)	$(0.02)	(0.01)	-	($0.01)	($0.01)	-

Year ended September 30, 2012

During the year ended September 30, 2012 the Corporation incurred expenses of $101,579 as compared to expenses of $95,741 during the previous year. Of the total expenses incurred during 2012 the most significant were Professional fees of $68,555 (2011 - $60,935.

Initial Public Offering

On September 8, 2010 the Corporation completed its initial public offering (the "IPO") of 1,500,000 common shares at a price of $0.20 per common share for gross proceeds of $300,000. The Corporation paid the Agent a cash commission of $25,500, which is equal to 8.5% of the proceeds and granted a non-transferable option (the "Broker warrants") to purchase 75,000 common shares of the Corporation equal to 5% of the number of common shares sold through the IPO. The broker warrants are exercisable for a period of 24 months from the date of listing on the TSX Venture Exchange (the "Exchange") at a price of $0.20 per common share.

Stock based compensation

On September 8, 2010, a total of 300,000 stock options were issued to directors and officers of the Corporation.

Of the 300,000 options issued during the period, all had vested by September 30, 2010. The Corporation applies the fair value method of accounting for all stock-based compensation awards and accordingly, $54,300 was recorded as a compensation adjustment for the 300,000 stock options that vested during the period.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 1.44%, expected life of 10 years.

All 300,000 options are subject to a Tier 2 Value Escrow Security Agreement and may not be released from escrow and traded without the prior written consent of the regulatory authorities.

Liquidity and Capital Resources

As at September 30, 2012 the Corporation had cash and cash equivalents of $100,499 (2011 - $185,530), and investments held in guaranteed investment certificates of $101,831 (2011 - $98,617). Until investment prospects generate profit sufficient to maintain operations, the ability of the Corporation to meet its financial liabilities and commitments is primarily dependent upon the continued issuance of equity to new or existing shareholders. The Corporation plans to raise any additional capital required to satisfy its operational requirements primarily through the private placement of equity securities. There is no assurance that the Corporation will be able to obtain further funds required for its continued working capital requirements.

Operating Activities

During the year ended September 30, 2012 operating activities used cash of $81,817 (2011 - $77,205) All of the cash used in the current period related to expenses associated with the proposed qualifying transaction.

Investing Activities

During the years ended September 30, 2012 and 2011 there were no investment activities. The only cash used in investment activities during the current year related to the net change in non-cash working capital balances from interest earned on investments.

Financing Activities

During the years ended September 30, 2012 and 2011 there were no financing activities.

Off Balance Sheet Arrangements

Our Corporation did not have any off balance sheet arrangements during the quarter ended September 30, 2012 or as of the date of this report.

Related Party Transactions

Included in operating expenses are amounts totaling $8,187 [2011 - $9,250] for rent, facilities related charges, and accounting and management services provided to the Corporation by a company related through common officers and directors. The amounts are recorded at the exchange amount agreed to by the parties.

Commitments

The Corporation did not have any commitments as at September 30, 2012 or as of the date of this report.

Financial Instruments and Other Instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Additional Disclosure for Venture Issuers Without Significant Revenue

Detail regarding material items within general and administrative expenses has been provided throughout this document.

Outstanding share data

Common Shares

Authorized share capital consists of an unlimited number of common shares without par value. A total of 3,025,000 common shares were outstanding at September 30, 2012. Of the 3,025,000 shares outstanding 1,500,000 are subject to a Tier 2 Value Escrow Security Agreement and may not be released from escrow and traded without the prior written consent of the regulatory authorities.

Stock Options

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

As at September 30, 2012 a total of 300,000 stock options were outstanding. The options have an exercise price of $0.20 and expire September 8, 2020.

Risk Factors

An investment in our Corporation involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this interim report in evaluating our Corporation and our business before making any investment decision in regards to the common shares of our Corporation. Our business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing our Corporation. Additional risks not presently known to us may also impair our business operations.

The Corporation's financial performance is likely to be subject to the following risks:

(i) the Corporation has not commenced commercial operations, and has no assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;

(ii) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions; and

(iii) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

Financing Risks

Our Corporation is limited in financial resources, and has no assurance that additional funding will be available to us. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Corporation.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on our Corporation.

Additional Information

Additional information relating to our Corporation can also be found on SEDAR at www.sedar.com.

”Scott Worhtington””

(Signed)Scott Worthington
Chief Financial Officer

Mississauga, Canada
March 8, 2013

NOTICE OF CHANGE IN CORPORATE STRUCTURE
Section 4.9 of National Instrument 51-102 (“NI 51-102”)

Item 1. Names of the parties to the transaction

T.B. Mining Ventures Inc. (the “**Corporation**”)
Sphere 3D Inc. (“**Sphere 3D**”)

Item 2. Description of the transaction

The Corporation completed a consolidation (“**Consolidation**”) of its common shares (“**Common Shares**”) on the basis of one (1) post-Consolidation Common Share for every four (4) pre-Consolidation Common Shares and changed its name from “T.B. Mining Ventures Inc.” to “Sphere 3D Corporation” (the “**Name Change**”).

On December 20, 2012, the Corporation completed a reverse takeover transaction (the “**Transaction**”) among Sphere 3D and 8283729 Canada Inc., a wholly- owned subsidiary of the Corporation, which constituted a “qualifying transaction” of the Corporation pursuant to the policies of the TSX Venture Exchange.

Item 3. Effective date of the transaction

The effective date of the Consolidation and the Name Change was December 20, 2012.

Item 4. The name of each party, if any, that ceased to be a reporting issuer after the transaction and of each continuing entity

No party ceased to be a reporting issuer after the Transaction. The Corporation, which is renamed “Sphere 3D Corporation” continues to be a reporting issuer in Ontario, British Columbia and Alberta.

Item 5. Date of the reporting issuer’s first financial year-end after the transaction if section 4.9(a) or 4.9(b)(ii) of NI 51-102 applies

The first financial year-end of the Corporation is December 31, 2012.

Item 6. Periods, including comparative periods, if any, of the interim and annual financial statements required to be filed for the reporting issuer’s first financial year after the transaction if section 4.9(a) or 4.9(b)(ii) of NI 51-102 applies

As a result of the Transaction, the Corporation is required to file: (i) annual financial statements for the financial year ended December 31, 2012 and the comparative period ended December 31, 2011; (ii) an interim financial report for the three month period ended March 31, 2013 and the comparative period ended March 31, 2012; (iii) an interim financial report for the three and six month periods ended June 30, 2013 and the comparative periods ended June 30, 2012; and (iv) an interim financial report for the three and nine month periods ended September 30, 2013 and the comparative periods ended September 30, 2012.

Item 7. The documents filed in respect of the transaction if section 4.9(a) or 4.9(b)(ii) of NI 51-102 applies

Please refer to the Information Circular of the Corporation dated September 6, 2012 and filed on SEDAR (www.sedar.com) on September 10, 2012.

Please also refer to the Filing Statement of the Corporation dated December 14, 2012 and filed on SEDAR (www.sedar.com) on December 14, 2012.

DATED at Mississauga, Ontario as of this 28th day of January, 2013.

SPHERE 3D CORPORATION
(formerly, T.B. Mining Ventures Inc.)

Per: *"T. Scott Worthington"*
T. Scott Worthington
Chief Financial Officer

Sphere 3D Corporate Update

Mississauga, ONTARIO, February 19th, 2013 – Sphere 3D Corporation, (TSXV-ANY) ("Sphere" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to provide this corporate update.

Recognizing the need to allow for the consolidation of digital devices and application ecosystems, Sphere 3D is creating ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user's operating system or the local device's hardware limitations. Sphere 3D's Glassware 2.0 has the following primary value propositions within its business model:

- Consumers can gain complete access to fully functional software versions, allowing PC productivity software to be made available on a variety of Cloud connected devices. Users can do more than just surf or "view" documents on tablets, smartphones or other connected devices – they can create, modify and save, either locally or in the Cloud.
- Software Developers can expand software revenue streams to new platforms, without having to develop multiple versions of their software applications without the need for the customization that is required due to the proliferation of device capabilities and operating systems.
- Enterprise Clients can provide safe, secure mobile access to their legacy applications, without the expensive customization and inherent time and capability trade-offs required by re-writes to the Cloud. Enterprise's employees or business partners access the enterprise's systems, through their own devices (bring your own device "BYOD") or company-provided equipment, and the enterprise's own network security protocols will apply without having to make further modifications on the actual devices.

Market Overview

The Company is pleased to report that they have received a "Market and Competitive Analysis" report completed by Frost & Sullivan. Included in the report are overviews of the Cloud Computing, Virtualization, and Mobile Device Markets; a Competitive Technology Analysis of Sphere 3D's Glassware 2.0™ platform; and a Gap Analysis to identify existing opportunities within the current landscape. A copy of the report may be requested at www.sphere3d.com/fsreport2013. Founded in 1961, Frost & Sullivan is a market research leader that has more than 40 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists.

Intellectual Property

In keeping with the Company's objective to build an expansive intellectual property footprint, the Company has filed six full patent applications (3 in Canada and 3 in the U.S.) claiming the priority date (January 2012) of our previous 3 provisional patents filed in Canada. The Company anticipates filing additional provisional patents later this quarter. These first 6 patent fillings cover, amongst other things, various server and client side proprietary software capabilities of Sphere's foundational technology platform, "Glassware 2.0™" . The Company has retained Bereskin & Parr LLP for its intellectual property work.

Consumer App Development

The Company is pleased to report that the first of its many planned Apps for iPad are being alpha tested to a limited number of users through Apple's App Store at www.itunes.com/appstore. The first App being tested utilizes Glassware 2.0™ thin client technology to give users access to a branded mainstream fully-featured desktop browser that would otherwise be incompatible with iPad. The App allows users to browse the web faster and with all the necessary plug-ins such as Adobe® Flash®, Java™, PDF and QuickTime. The first phase of testing is anticipated to be completed later this month. Additional information will be released upon completion of the Company's alpha testing. Screenshots of the App are available at www.sphere3d.com/media.html

The Company's shares commenced trading on December 28th, 2013 on the TSX Venture Exchange. There are currently 16,114,339 shares issued and outstanding of which, 8,298,875 are subject to various Exchange escrow provisions.

Contact:

Mario Biasini, President
Sphere 3D Corporation
Phone: (416) 749-5999 ext. 101
Email: Mario.Biasini@Sphere3d.com

About Sphere 3D Inc.

Sphere 3D Corporation (TSXV-ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the company's public filings at www.sedar.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D Appoints CEO

MISSISSAUGA, Ontario, March 4th, 2013 -- Sphere 3D Corporation (TSX-V: ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announce that the Company has appointed Peter Tassiopoulos as Chief Executive Officer ("CEO") of the Company effective today.

Mr. Tassiopoulos has extensive experience in information technology business development and global sales as well as a successful track record leading early-stage technology companies. Over the last decade, Peter has assisted a number of Canadian private and public technology companies build out sales and marketing plans, operational plans and access capital markets.

In connection with the retainer of Mr. Tassiopoulos, the Company also announced the grant of 100,000 stock options pursuant to the Company's stock option plan. These options are subject to vesting, expire in 5 years, and have an exercise price of $0.85 per share, a premium to the current market price.

Mario Biasini, Sphere 3D's former CEO, will remain on the board of directors and continue to assist in the development of the Company's prospects. The Board would like to thank Mr. Biasini for his prior service as CEO and his accomplishments to date.

About Sphere 3D Corporation

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For further information please contact:

Sphere 3D Corporation
Peter Tassiopoulos
Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Biosign's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

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Sphere 3D Corporation Engages Investor Relations Firm

MISSISSAUGA, Ontario, March 6th, 2013 (GLOBE NEWSWIRE) -- **Sphere 3D Corporation** (TSX-V:ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announce that the Company has retained the service of USA Investor Link LLC ("USA Investor Link"), subject to the acceptance of the TSX Venture Exchange ("TSXV").

USA Investor Link will provide business development and investor relations services to the Company, including roadshow management and research/feedback from investors. USA Investor Link will seek to build broader market awareness of Sphere 3D within the retail, brokerage and institutional investment communities in the U.S., Europe and Asia.

The Company has agreed to pay USA Investor Link a monthly fee of $10,000 and grant options under its stock option plan to purchase 200,000 common shares of the Company at a price of $0.60 per share for a period of 36 months, which shall vest in accordance with TSXV policies, in equal amounts quarterly over a 12 month period. The contract is for an initial term of 15 months however it may be terminated by the Company, without any penalties, during the first 90 days.

Furthermore the Company has granted to USA Investor Link, under a separate Business Development contract, options to purchase 120,000 common shares of the Company at a price of $0.60 per share for a period of 36 months, which shall vest in equal amounts quarterly over a 12 month period.

"We are excited about our business prospects and look forward to working with USA Investor Link to address the increased interest we are receiving from the investment and business community" stated Peter Tassiopoulos, Chief Executive Officer of Sphere 3D."

About Sphere 3D Corporation

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About USA Investor Link LLC

USA Investor Link LLC (www.usainvestorlink.com) provides specialized business development and investor relations consulting services to a select group of leading emerging and mid-capitalization companies, with an objective of taking our clients to the next level. Operating coast to coast from regional offices in San Francisco, Chicago, New York and Miami, and with affiliates in Europe and Asia, USA Investor Link assists companies in gaining exposure to an established international network of financial industry professionals. This broad network includes investment advisors, bank owned investment dealers, leading independent financial firms, hedge funds and other institutional buyers. In addition, USA Investor Link provides traditional investor relations services including tailored international marketing and communications strategies.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy of this release.

SOURCE: Sphere 3D Corporation

For further information please contact:

Sphere 3D Corporation
Peter Tassiopoulos
Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

USA Investor Link LLC
James (John David) Barnett
jd@usainvestorlink.com

Sphere 3D Completes Alpha Testing of Surf to Go App for iPad

-- Sphere 3D's Glassware 2.0™ Technology makes Mozilla Firefox® browser available on iPad, including support of Flash, Java and Silverlight --

MISSISSAUGA, Ontario, March 19th, 2013 -- Sphere 3D Corporation (TSX-V:ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announce the completion of alpha testing of the first of its planned consumer applications.

Sphere 3D's "SurftoGo" App for iPad was made available on December 20th, 2012 through Apple's App Store at www.itunes.com/appstore. "SurftoGo" utilizes Glassware 2.0™ thin client technology to give users access to Firefox browser on devices that are otherwise not compatible with Firefox. SurftoGo provides users with the ability to browse the web faster and with the ability to use all necessary plugins like Flash, PDF and QuickTime. SurftoGo for iPad enables iPad users the ability to utilize the native desktop version of Firefox, with all of the native features needed to browse the web. As long as a user has access to Wi-Fi or a data connection, Glassware 2.0™ enables you to surf anywhere, anytime!

In the first 60 days, without any advertising or promotion, there were over 5,000 registration requests that came from a multitude of countries around the World. The registration rate has increased from less than 2 per day to over 300 per day in that period.

SurftoGo was launched in stealth mode, through a third party, for internal testing and to gather much needed real user feedback, use cases, testing of load balancing, testing of the installation process and other demographic information. This feedback will now be incorporated in Sphere 3D's beta release of the app as well as other consumer centric applications. Having completed this phase of testing, SurftoGo will be withdrawn from the App store later today and those that have registered for the product will be notified when the beta version is available for release. Mobile device users that wish to pre-register for release of this and other consumer apps can do so at www.sphere3d.com/register.html

"We are pleased with the strong response we received in such a short period of time. We had actually hoped for a handful of users for the Alpha version of this app." Stated John Morelli, Chief Technology Officer of Sphere 3D, adding "We will continue to drive forward our goal of creating a foundational platform for delivering any app, on any device, anytime".

About Sphere 3D
Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the Cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any Cloud connected device, independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

For further information please contact:
Sphere 3D Corporation
Peter Tassiopoulos CEO
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

Trademarks

Sphere 3D, Glassware 2.0 and SurftoGO whether or not appearing in large print or with a trademark symbol, are trademarks of Sphere 3D Corporation. All other trademarks are properties of their respective owners and are hereby acknowledged. None of these trademarks may be used in connection with any product or service in any manner that is likely to cause confusion among customers, or in any manner that disparages or discredits their owner.

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

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SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 Date of Material Change

March 4, 2013

Item 3 News Release

The news release attached hereto as Schedule "A" was issued by the Corporation and disseminated via Newsfile on March 4, 2013.

Item 4 Summary of Material Change

The Corporation announced the appointment of Peter Tassiopoulos as Chief Executive Officer ("**CEO**") of the Corporation, effective immediately.

Item 5 Full Description of Material Change

The news release attached hereto as Schedule "A" provides a full description of the material change.

In connection with the retainer of Mr. Tassiopoulos, the Corporation granted him 100,000 stock options pursuant to its stock option plan, which options are subject to vesting, expire in 5 years, and have an exercise price of $0.85 per share. Mr. Tassiopoulos will receive a market base salary and annual performance bonus structure, subject to achievement of subjective and objective measurements to be established by the board of directors of the Corporation (the "**Board**"). In addition, Mr. Tassiopoulos is eligible for financial bonuses, in the event of the Corporation completes future non-brokered financings or other capital transactions, up to and including full divestiture of the Corporation or its assets. The Board believes these bonuses closely align the CEO's duty to maximize value for shareholders.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 **Date of Report**

DATED this 10th day of April, 2013.

Sphere 3D Announces Grant of Options

MISSISSAUGA, Ontario, April 18, 2013 -- Sphere 3D Corporation (TSX-V: ANY) ("Sphere 3D" or the "Company") announced that the Company has granted an aggregate of 75,000 stock options pursuant to the Company's stock option plan to three outside directors in equal amounts. These options expire in 10 years, are immediately vested and have an exercise price of $0.85 per share, representing a substantial premium to the current market price.

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

For further information please contact:

Sphere 3D Corporation
Peter Tassiopoulos
Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

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SPHERE 3D CORPORATION

Condensed Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2013 and 2012

(Expressed in Canadian Dollars)

NOTICE TO READERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Stands for the preparation of the condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Sphere 3D Corporation
Condensed Consolidated Statements of Financial Position (Unaudited)
As at
(Expressed in Canadian Dollars)

	March 31, 2013	December 31, 2012 (audited)
Assets		
Current		
Cash and cash equivalents	$ 1,053,863	$ 1,633,334
Investments	10,227	10,203
Subscriptions receivable	-	150,035
Sales tax recoverable	121,549	78,319
Amounts receivable	54,729	54,729
Prepaid and sundry assets	110,164	105,401
	1,350,532	2,032,021
Property and equipment	338,432	358,127
Investments	103,479	101,821
Intangible assets (note 4)	762,720	718,750
	$ 2,555,163	$ 3,210,719
Liabilities		
Current		
Trade and other payables (note 5)	$ 272,643	$ 303,218
	272,643	303,218
Shareholders' Deficiency		
Common share capital (note 7)	5,409,488	5,409,488
Other equity (note 8)	1,027,806	1,007,500
Deficit	(4,154,774)	(3,509,487)
	2,282,520	2,907,501
	$ 2,555,163	$ 3,210,719

Nature of operations (note 1)
Commitment and contingencies (note 9)

Approved by the Board

"Glenn Bowman"
Director

"Mario Biasini"
Director

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Revenue	**$ -**	$ 407,647
Expenses		
Cost of goods sold	**8,760**	337,204
Salaries and consulting	**394,469**	443,169
Professional fees	**78,480**	19,150
General and administrative	**74,205**	73,108
Technology development	**9,698**	18,087
Public company expenses	**32,899**	-
Amortization of intangibles	**873**	-
Amortization of property and equipment	**47,316**	38,121
	646,700	928,840
Loss from operations	**(646,700)**	(521,193)
Finance income (expenses)		
Interest income	**1,682**	-
Interest expense	**(269)**	(281)
	1,413	(281)
Net comprehensive loss for the period	**$ (645,287)**	$ (521,474)
Loss per share		
Basic and diluted	**$ (0.040)**	$ (0.047)
Weighted average number of common shares	**16,114,339**	10,986,202

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

	Number of common shares	Number of preferred shares	Common share capital	Preferred share capital	Other Equity	Deficit	**Total**
Balance at December 31, 2011	10,600,000	500,000	$ 2,411,832	$ 2,500	$ 25,000	$ (1,048,182)	**$ 1,391,150**
Issuance of common shares	4,116,913		3,431,792				**3,431,792**
Share issuance costs			(373,511)				**(373,511)**
Issuance of warrants			(712,500)		712,500		-
Share based payments	23,529		20,000				**20,000**
Stock option awards					270,000		**270,000**
Conversion of debt	117,647		100,000				**100,000**
Conversion of preferred shares	500,000	(500,000)	2,500	(2,500)			-
Shares issued for acquisition of T.B. Mining Ventures Inc.	756,250		529,375				**529,375**
Comprehensive loss for the period						(2,461,305)	**(2,461,305)**
Balance at December 31, 2012	16,114,339	-	$ 5,409,488	$ -	$ 1,007,500	$ (3,509,487)	**$ 2,907,501**
Stock option awards					20,306		**20,306**
Comprehensive loss for the period						(645,287)	**(645,287)**
Balance at March 31, 2013	16,114,339	-	$ 5,409,488	$ -	$ 1,027,806	$ (4,154,744)	**2,282,520**

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Cash flow from operating activities		
Net comprehensive loss for the period	**$ (645,287)**	$ (521,474)
Items not affecting cash:		
Adjustment for depreciation	**47,316**	38,121
Adjustment for amortization	**873**	-
Stock compensation expenses	**20,306**	200,000
Interest on long term investments	**(1,658)**	-
Change in working capital:		
Change in investments	**(24)**	-
Change in sales tax recoverable	**(43,230)**	(9,470)
Change in accounts receivables	-	(161,571)
Change in inventory		21,078
Change in prepaid and sundry assets	**(4,763)**	52,470
Change in trade and other payables	**(30,575)**	178,038
Change in deferred revenue	-	(30,070)
Change in subscriptions received	**150,035**	(50,400)
Net cash used in operating activities	**(507,007)**	(283,278)
Cash flow from investing activities		
Acquisition of property and equipment	**(27,621)**	(102,667)
Investment in technology	**(44,843)**	(25,000)
Net cash used in investing activities	**(72,464)**	(127,667)
Cash flow from financing activities		
Proceeds from common shares, net of issue costs	-	285,750
Net cash used financing activities	-	285,750
Net decrease in cash and cash equivalents	**(579,471)**	(125,195)
Cash and cash equivalents at opening	**1,633,334**	158,094
Cash and cash equivalents at closing	**$ 1,053,863**	$ 32,899

See accompanying notes, which are an integral part of these financial statements

1. General Information

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 as T.B. Mining Ventures Inc. The Company is listed on the TSXV, under the trading symbol "ANY" and has its main and registered office of the Company is located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

On December 21, 2012, the Company completed its Qualifying transaction (the "Transaction") with Sphere 3D Inc. ("Sphere 3D") and changed its name to Sphere 3D Corporation. The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange (see note 6). Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation, are included from the date of the reverse takeover.

Sphere 3D Inc. is a technology development company focused on establishing its patent pending emulation and virtualization technology. These condensed consolidated interim statements include the financial statements of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

At March 31, 2013, the Company had working capital of $1,077,889 and an accumulated deficit of $4,154,774. Management believes that the Company has sufficient funds to pay its ongoing operating expenses and other commitments and to meet its liabilities for the ensuing year as they fall due. However, if the Company fails to meet its operating plans, it will have to raise additional capital to fund operations until such point that revenues from products and technology are able to fund operations. If the Company is not able to raise sufficient capital then there is the risk that the Company will not be able to realize the value of its assets and discharge its liabilities. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. To date the Company has been successful raising capital in fiscal 2011 and 2012. These proceeds are used to fund operations of the Company.

2. Statement of Compliance

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited annual financial statements for the year ended December 31, 2012.

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Statement of Compliance (continued)

These condensed interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31, 2012, which are available at www.sedar.com.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 22, 2013.

3. Basis of Preparation and New Accounting Standards

Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of intangible assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, and contingent liabilities.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are:

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and
- whether there are events or conditions that may give rise to significant uncertainty

3. Basis of Preparation and New Accounting Standards (continued)

New standards and interpretations

The following pronouncements issued by the IASB and interpretations published by IFRIC have become effective for annual periods beginning on or after January 1, 2013:

IFRS 7 - Financial Instruments: Disclosures was amended to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

IFRS 10 - Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

A new definition of 'control' has been established. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements establishes the principles for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method whereas for a joint operation the venture will be accounted for using the proportionate consolidation method.

IFRS 12 - Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 19 – Employee Benefits amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires remeasurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income and increases the disclosure.

The adoption of these standards and interpretations did not have a material impact on the condensed consolidated interim financial statements of the Company.

The IASB also amended the following standards which is effective as per the date identified.

IFRS 10 – Consolidated Financial Statements was amended to require investment entities to measure subsidiaries at fair value through profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

IFRS 9 - Financial Instruments addresses the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new standard also requires a single impairment method to be used. The IASB has extended the effective date to January 1, 2015, with earlier application permitted.

The Company does not anticipate that the adoption of these standards and interpretations will have a material impact on the condensed consolidated interim financial statements of the Company.

4. Intangible Assets

(i) Investment in technology

On December 31, 2010, the Company acquired all rights and assets related to the emulation and virtualization technology from Promotion Depot Inc., in a non-arms length transaction, in exchange for 1,000,000 shares of the Company's common stock. Since the fair value of the assets received are not readily determinable, the investment was valued based on the $695,000 fair value of the shares received by Promotion Depot Inc. The technology acquired is still in the development stage and not in commercial use. As such, amortization of this asset has not commenced.

(ii) Patents

On January 16, 2012, the Company filed 3 preliminary patents in Canada based on the technology acquired in the investment in technology. In January 2013, the Company extended those preliminary patents to the United States and in March 2013, the Company filed an additional 3 preliminary patents in the United States.

Cost	**Investment in technology**	**Patents**	**Total**
Balance at December 31, 2011	$ 695,000	$ -	$ 695,000
Additions	-	25,000	25,000
Disposals	-	-	-
Balance at December 31, 2012	695,000	25,000	720,000
Balance at December 31, 2012	695,000	25,000	720,000
Additions	-	44,843	44,843
Disposals	-	-	-
Balance at March 31, 2013	$ 695,000	$ 69,843	$ 764,843

Accumulated amortization	**Investment in technology**	**Patents**	**Total**
Balance at December 31, 2011	$ -	$ -	$ -
Additions	-	1,250	1,250
Disposals	-	-	-
Balance at December 31, 2012	-	1,250	1,250
Balance at December 31, 2012		1,250	1,250
Additions	-	873	873
Disposals	-	-	-
Balance at March 31, 2013	$ -	$ 2,123	$ 2,123

Net book value	**Investment in technology**	**Patents**	**Total**
as at December 31, 2012	$ 695,000	$ 23,750	$ 718,750
as at March 31, 2013	$ 695,000	$ 67,720	$ 762,720

5. Trade and Other Payables

		March 31 2013		December 31 2012
Trade payables	**$**	**220,236**	$	251,845
Non-trade payables and accrued expenses		**52,407**		51,373
	$	**272,643**	$	303,218

6. The Transaction

The Company completed the Transaction on December 21, 2012, pursuant to a definitive amalgamation agreement dated August 31, 2012. The Transaction constitutes a reverse takeover of the Company but does not meet the definition of a business combination, and therefore, *IFRS 3 Business Combinations* is not applicable. As a result and in accordance with reverse take-over accounting for a transaction that is not considered a business combination:

Sphere 3D Corporation (formerly T.B. Mining Ventures) is treated as the acquiree and Sphere 3D Inc. is treated as the acquirer. As a result, the amalgamated entity is deemed to be a continuation of Sphere 3D Inc. and Sphere 3D Inc. is deemed to have acquired control of the assets and business of the Company with the consideration of the issuance of capital, and therefore *IFRS 2 Share-based Payments*, is applicable.

Under the terms of the Amalgamation Agreement, T.B. Mining Ventures was required to consolidate (the "Consolidation") its securities on a four (4) for one (1) exchange ratio. As of the date of the Transaction there were 756,250 T.B. Mining Shares issued and outstanding as fully paid and non-assessable, after giving effect to the Consolidation.

The fair value of the consideration issued for the net assets of the Company is as follows:

	$
756,250 common shares valued at $0.70 per share	529,375
Allocated to net asset value (at December 21, 2012):	$
Cash and cash equivalents	51,277
Long term investment	101,821
Accounts payable	(6,500)
Net assets	146,598
Cost of listing (expensed)	382,777
	529,375

The purchase price is recorded as an increase in share capital of $529,375

Transaction costs associated with the Reverse Takeover Transaction which amounted to $124,126 and the cost of listing of $382,777 have been recorded as an expense.

7. Share Capital

Authorized

an unlimited number of common shares

Common shares

Issued and outstanding

	Number of Shares		Value
Balance, December 31, 2011	10,600,000	$	2,411,832
Issued for cash (net of cash fees of $373,541)	4,116,913		3,058,281
Less: Proceeds allocated to warrants	-		(600,000)
Broker warrants			(112,500)
Issued for services rendered	23,529		20,000
Issued on conversion of debt	117,647		100,000
Issued on conversion of preferred shares	500,000		2,500
Reverse takeover transaction (note 6)	756,250		529,375
Balance, December 31, 2012 and March 31, 2013	16,114,339	$	5,409,488

Preferred shares

Issued and outstanding

	Number Of Shares		Value
Balance, December 31, 2011	500,000	$	2,500
Converted to common shares	(500,000)		(2,500)
Balance, December 31, 2012 and March 31, 2013	-	$	-

In conjunction with the Company's Qualifying Transaction, on December 21, 2012, the preferred shares were automatically exchanged for shares of common stock on a one-for-one basis and were cancelled.

Escrowed shares

With the completion of the Transaction and the Company's subsequent listing on the TSXV, certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

7. Share Capital (continued)

	QT Escrow Number	%	Value Share Escrow Number	%	Total Escrow Number	%
Balance at December 21, 2012[1]	4,786,250	100	3,925,000	100	8,711,250	100
Released - December 27, 2012[2]	239,312	5	392,500	10	631,812	7
Total subject to escrow at December 31, 2012 and March 31, 2013	4,546,938	95	3,532,500	90	8,079,438	93
Future release dates						
June 27, 2013	239,312	5	588,750	15	828,062	10
December 27, 2013	478,625	10	588,750	15	1,067,375	12
June 27, 2014	478,625	10	588,750	15	1,067,375	12
December 27, 2014	717,938	15	588,750	15	1,306,688	15
June 27, 2015	717,938	15	588,750	15	1,306,688	15
December 27, 2015	1,914,500	40	588,750	15	2,503,250	29
Total future releases	**4,546,938**	**95**	**3,532,500**	**90**	**8,079,438**	**93**

(1) Date of completion of the Qualifying Transaction

(2) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company’s stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release dates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

Stock options

i. On March 4, 2013, the directors of the Company approved the award of 100,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $18,500. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

ii. On March 5, 2013, the directors of the Company approved the award of 320,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $79,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.60 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

7. Share Capital (continued)

As at March 31, 2013 the Company had 176,434 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	Weighted average exercise price $	Number
Balance at December 31, 2012	0.83	1,015,000
Granted	0.66	420,000
Expired	-	-
Outstanding at March 31, 2013	**0.78**	**1,435,000**
Exercisable at March 31, 2013	**0.83**	**840,000**

The following table provides further information on the outstanding options as at March 31, 2013:

Expiry Date	Number exercisable	Number outstanding	Weighted average exercise price $	Weighted average years remaining
September 8, 2020	75,000	75,000	0.80	7.50
January 16, 2022	640,000	640,000	0.83	8.75
September 19, 2022	125,000	300,000	0.85	9.50
March 4, 2018	-	100,000	0.85	4.90
March 5, 2018	-	320,000	0.60	4.90
	840,000	1,435,000	0.78	7.71

Warrants

The Company had the following warrants outstanding:

	Number of Warrants	**Weighted Average Exercise Price**
Outstanding at December 31, 2012 and March 31, 2013	4,262,442	$ 0.98

8. Other Equity

	$
Other equity, December 31, 2011	25,000
Value of warrants issued	712,500
Value of options issued	270,000
Other equity, December 31, 2012	1,007,500
Value of option issued	20,306
Other equity, March 31, 2013	1,027,806

9. Commitment and Contingencies

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company's facility in

Mississauga, are as follows:

2013	$	56,500
2014		58,000
2015		59,500
2016		20,000

10. Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

Legal services of $16,691 (2012 - $23,089) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at quarter end included in accounts payable total $Nil (2012 - $21,636)

11. Subsequent Events

(a) On April 17, 2013, the directors of the Company approved a fiscal 2013 compensation plan for the Independent directors of the Company. The plan calls for the payment of $7,500 per quarter to the Independent directors, which can be paid by cash or the issuance of common stock, at the Company's discretion, subject to TSXV approval. In addition, each of the independent directors was awarded options to purchase 25,000 shares of the Company's common shares. The award of 75,000 fully vested options, exercisable for 10 years, was valued at $14,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

MANAGEMENT DISCUSSION & ANALYSIS

Ontario Securities Commission FORM 51-102F1

ISSUER DETAILS

FOR QUARTER ENDED	**March 31, 2013**
DATE OF REPORT	**May 22, 2013**
NAME OF ISSUER	**Sphere 3D Corporation**
ISSUER ADDRESS	**240 Matheson Blvd. East Mississauga, ON L4Z 1X1**
ISSUER TELEPHONE NUMBER	**(416) 749-5999**
CONTACT PERSON	**Peter Tassiopoulos**
CONTACT POSITION	**CEO**
CONTACT TELEPHONE NUMBER	**(416) 749-5999**
CONTACT EMAIL ADDRESS	**peter.tassiopoulos@sphere3d.com**
WEB SITE ADDRESS	**www.sphere3d.com**

FORM 51-102F1

SPHERE 3D CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE 3 MONTHS ENDED MARCH 31, 2013

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007, as a capital pool company under the CPC Policy, under the name T.B. Mining Ventures Inc.

On December 21, 2012, the Company completed its Qualifying transaction (the "Transaction") with Sphere 3D Inc. ("Sphere 3D") and changed its name to Sphere 3D Corporation. Immediately prior to and in connection with the closing of the Transaction, Sphere 3D Inc. completed pre-closing private placement financings for gross proceeds of $3,116,393. These financings are described in the Company's Filing Statement dated December 14, 2012 which is filed on SEDAR and available for review at www.sedar.com under the Company's profile.

The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange. Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation, are included from the date of the reverse takeover.

Sphere 3D Corporation is a technology development company focused on establishing its patent pending emulation and virtualization technology. This Management's Discussion and Analysis includes the financial results of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company is listed on the TSXV, under the trading symbol "ANY" and has its main and registered office of the Company located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

ADVISORY

This Management's Discussion and Analysis ("MD&A") comments on the financial condition and operations of Sphere 3D Corporation ("Sphere 3D" or the "Company"), for the three months ended March 31, 2013 and updates our MD&A for fiscal 2012. The information contained herein should be read in conjunction with the Consolidated Financial Statements and Auditor's Report for fiscal 2012 and the unaudited Interim Consolidated Financial Statements for the three months ended March 31, 2013.

The Company prepares its interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as set out in the Handbook of The Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has reported on this basis in these consolidated interim financial statements. All financial information contained in this MD&A and in the unaudited consolidated interim financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The quarterly unaudited consolidated financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors on May 22, 2013.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed herein, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's web-site at www.sphere3d.com.

BUSINESS UPDATE

Recognizing the need to allow for the consolidation of digital devices and application ecosystems, Sphere 3D is creating ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user's operating system or the local device's hardware limitations.

Sphere 3D's Glassware 2.0 has the following primary value propositions within its business model:

- Consumers can gain complete access to fully functional software versions, allowing PC productivity software to be made available on a variety of Cloud connected devices. Users can do more than just surf or "view" documents on tablets, smartphones or other connected devices – they can create, modify and save, either locally or in the Cloud.
- Software Developers can expand software revenue streams to new platforms, without having to develop multiple versions of their software applications without the need for the customization that is required due to the proliferation of device capabilities and operating systems.
- Enterprise Clients can provide safe, secure mobile access to their legacy applications, without the expensive customization and inherent time and capability trade-offs required by re-writes to the Cloud. Enterprise's employees or business partners access the enterprise's systems, through their own devices (bring your own device "BYOD") or company-provided equipment, and the enterprise's own network security protocols will apply without having to make further modifications on the actual devices.

Market Overview

The Company has received a "Market and Competitive Analysis" report completed by Frost & Sullivan. Included in the report are overviews of the Cloud Computing, Virtualization, and Mobile Device Markets; a Competitive Technology Analysis of Sphere 3D's Glassware 2.0™ platform; and a Gap Analysis to identify existing opportunities within the current landscape. Founded in 1961, Frost & Sullivan is a market research leader that has more than 40 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists.

Intellectual Property

In keeping with the Company's objective to build an expansive intellectual property footprint, the Company has filed six full patent applications (3 in Canada and 3 in the U.S.) claiming the priority date (January 2012) of our previous 3 provisional patents filed in Canada. The Company filed three additional provisional patents in this quarter. These first 9 patent fillings cover, among other things, various server and client side proprietary software capabilities of Sphere 3D's foundational technology platform, "Glassware 2.0™" . The Company has retained Bereskin & Parr LLP for its intellectual property work.

Consumer App Development

During the first quarter, the Company alpha tested the first of its many planned Apps for iPad to a limited number of users through Apple's App Store at www.itunes.com/appstore. The first App tested utilized Glassware 2.0™ thin client technology to give users access to a branded mainstream fully-featured desktop browser that would otherwise be incompatible with iPad. The App allowed users to browse the web faster and with all the necessary plug-ins such as Adobe® Flash®, Java™, PDF and QuickTime. The first phase of testing was completed in February. Screenshots of the App are available at www.sphere3d.com/media.html

SEGEMENTED INFORMATION

The Company's product development, sales, and marketing operations are conducted from its offices in Mississauga, ON, Canada. All sales and assets of the Company have been in Canada. The Company's operations are limited to a single industry segment, being the development, and sale of Sphere 3D's "Glassware™ 2.0" ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user's operating system or the local device's hardware limitations.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarters Ended March 31, 2013 and 2012

The table below sets out certain selected financial information regarding the consolidated operations of Sphere 3D for the periods indicated. The selected financial information has been prepared in accordance with IFRS. This information is taken from and should be read in conjunction with Sphere 3D's financial statements and related notes:

	3 Months ended	
	March 31 2013 (unaudited)	March 31 2012 (unaudited)
Revenue	$ -	$ 407,647
Net comprehensive loss for the period	(645,287)	(521,474)
Loss per share	$ (0.040)	$ (0.047)

AS AT	March 31 2013 (unaudited)	December 31 2012 (audited)
Current assets	$ 1,350,532	$ 2,032,021
Non-current assets	1,204,631	1,178,698
Total assets	$ 2,555,163	$ 3,210,719
Current liabilities	$ 272,643	$ 303,218
Total equity	$ 2,282,520	$ 2,907,501

Sphere 3D has not declared any dividends since its incorporation. Sphere 3D does not anticipate paying cash dividends in the foreseeable future on its Sphere 3D Shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of Sphere 3D and will depend upon Sphere 3D's financial condition, results of operations, capital requirements and such other factors as the board of directors of Sphere 3D deems relevant.

Results of Operations

Sphere 3D is a development stage company and did not generate any revenue in the first quarter of 2013, as it continued its development efforts. The majority of the $407,647 in revenue achieved in the first quarter of 2012 related to custom designed interactive kiosks. The design, development and manufacture of these kiosks provided the Company with the ability to test out several components of its technology. The custom design interactive kiosks were a special project and are not expected to generate future revenues.

During the quarter ended March 31, 2013, Sphere 3D incurred cost of goods sold and general operating costs of $646,700 compared to $928,840 during the quarter ended March 31, 2012.

Cost of goods sold for the quarter ended March 31, 2013 were $8,760 compared to $337,204 or 82. 72% of revenue for the quarter ended March 31, 2012. The costs in the first quarter of 2013 relate to the fixed monthly internet costs required to provide the connectivity for our planned products. The costs in 2012 relate to initial manufacture and sale of the custom built interactive kiosks.

Salaries and consulting for the quarter ended March 31, 2013 were $394,469 compared to $443,169 for the quarter ended March 31, 2012. Included in Salaries and consulting during the first quarter of 2013 were stock compensation expenses, related to the awarding of stock options, in the amount of $20,306, compared to $200,000 in the first quarter of 2012. The increase in expenses, not including stock compensation expenses, was the result of the Company expanding its staff throughout fiscal 2012 and early 2013 and the implementation of an Independent Director compensation plan. The Company expects to add additional staff in sales, marketing and research & development during the remainder of fiscal 2013.

Professional fees were $78,480 in the first quarter of 2013, compared to $19,150 in the first quarter of 2012. The increase in the first quarter of 2013 was mainly due to recruiting fees incurred to add additional research and development staff and the hiring of an Investor Relations team in March of 2013.

General and administrative expenses were $74,205 for the quarter ended March 31, 2013 compared to $73,108 for the quarter ended March 31, 2012. General and administrative expenses mainly relate to the semi-fixed costs of facility rentals, utilities and office expenses and should not vary greatly over the balance of 2013.

Research and development costs were $9,698 for the quarter ended March 31, 2013 compared to $18,087 for the quarter ended March 31, 2012. These costs are for non-capitalized equipment and for supplies used for the development of Sphere 3D's technology. Sphere 3D expects to increase its spending on development during fiscal 2013 and 2014.

Public company expenses for the quarter ended March 31, 2013 were $32,899 (2012 – nil). These fees relate to the cost of listing the Company's equity on the Toronto Stock Exchange – Venture and the filing fees for continuous disclosures.

The net comprehensive loss for the quarter ended March 31, 2013 was $645,287 or $0.04 per share compared with a net comprehensive loss in the first quarter of 2012 of $521,474 or $0.05 per share. Sphere 3D expects to continue to incur losses for the remainder of fiscal 2013 as it completes its development of its technology and commercializes its products.

Financial Position

Sphere 3D's cash position decreased during the quarter ended March 31, 2013 by $579,471 compared to a decrease of $125,195 for the quarter ended March 31, 2012. Operating activities required cash of $507,007 (2012 - $283,278), after adjustments for non-cash items and changes in other working capital balances. Investing activities required cash of $72,464 (2012 - $127,667), related to the acquisition of property and equipment to support Sphere 3D's ongoing development work and the cost of filing patents and trademarks. Sphere 3D did not receive any cash from financing activities in the quarter ended March 31, 2013 (2012 - $285,750).

Liquidity and Capital Resources

At March 31, 2013, Sphere 3D had cash of $1,053,863 and working capital of $1,077,889 compared to cash of $1,633,334 and working capital of $1,728,803 as at December 31, 2012.

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 16,114,339 common shares were issued and outstanding as of the date of this MD&A.

Certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	QT Escrow		Value Share Escrow		Total Escrow	
	Number	%	Number	%	Number	%
Balance at December 21, 2012[1]	4,786,250	100	3,925,000	100	8,711,250	100
Released - December 27, 2012[2]	239,312	5	392,500	10	631,812	7
Total subject to escrow at December 31, 2012 and March 31, 2013	4,546,938	95	3,532,500	90	8,079,438	93
Future release dates						
June 27, 2013	239,312	5	588,750	15	828,062	10
December 27, 2013	478,625	10	588,750	15	1,067,375	12
June 27, 2014	478,625	10	588,750	15	1,067,375	12
December 27, 2014	717,938	15	588,750	15	1,306,688	15
June 27, 2015	717,938	15	588,750	15	1,306,688	15
December 27, 2015	1,914,500	40	588,750	15	2,503,250	29
Total future releases	**4,546,938**	**95**	**3,532,500**	**90**	**8,079,438**	**93**

(1) Date of completion of the Qualifying Transaction

(2) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release rates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

The Company has warrants outstanding to purchase up to an aggregate of 4,262,442 common shares, including an unit warrant, consisting of one share and one warrant, that if exercised would allow for the purchase of an additional 325,925 common shares.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 10% of the number of common shares outstanding, or 1,611,433 Options. As of the date of this MD&A, Options granted under the Option Plan to purchase up to an aggregate of 1,510,000 common shares are issued and outstanding.

Assuming that all of the outstanding options and warrants are exercised, 22,212,706 common shares would be issued and outstanding on a fully diluted basis.

Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

Legal services of $16,691 (2012 - $23,089) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at quarter end included in accounts payable total $Nil (2012 - $21,636)

Quarterly Information

As a private company, until the reverse takeover transaction which took place on December 21, 2012, Sphere 3D was not required to prepare quarterly financial statements, and as such, no quarterly financial statements are included in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to Sphere 3D Corporation can be found on SEDAR at www.sedar.com.

Sphere 3D signs Definitive Agreement with Corel Corporation to become a Value Added Reseller & Distributor for Corel® Office and PDF Fusion™ software

Mississauga, ONTARIO, May 28, 2013, – Sphere 3D Corporation (TSX-V:ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announce that it has signed a definitive agreement with Corel Corporation ("Corel") to act as Value Added Reseller and Distributor for Corel® Office and Corel® PDF Fusion™. Under the terms of the agreement, Sphere 3D will electronically distribute these award winning office productivity software titles to end users in one of 3 formats: a standard desktop version; a Virtual Desktop Instance (VDI); or mobile software versions powered by Sphere 3D's Software Virtualization solution, Glassware 2.0 ™.

"This Value Added Reseller & Distributor Agreement with a globally recognized, award winning, software brand, is an important milestone in our plan to commercialize and promote adoption of Sphere 3D's cloud based virtualization technology" stated Peter Tassiopoulos, CEO of Sphere 3D. "Our agreement gives us the ability to deliver Corel's award winning productivity software both directly and virtually whether on a desktop, tablet and/or a smartphone. We are excited to work with an innovative brand like Corel."

Nick Davies, EVP & GM Graphics, Digital Media & Productivity Software at Corel commented, "We're always looking for new ways to provide more flexibility and options to our users when purchasing and using Corel software. Working with Sphere 3D has opened up new possibilities to deliver Corel Office and PDF Fusion to users on devices other than the desktop. We're looking forward to working further with the Sphere 3D team and expanding the different ways our users can access their productivity software."

For additional information:

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About Sphere 3D

Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the Cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any Cloud connected device, independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

About Corel

Corel is one of the world's top software companies providing some of the industry's best-known brands, including Roxio®, Pinnacle™ and WinZip®. Boasting the most comprehensive portfolio of graphics, productivity and digital media products, we've built a reputation for delivering innovative software that's easy to learn and use, helping people achieve new levels of creativity and productivity. The industry has responded with hundreds of awards for innovation, design and value.

Used by millions of people around the world, our product lines include CorelDRAW® Graphics Suite, Corel® Painter®, Corel® PaintShop® Pro, Corel® VideoStudio®, Corel® WordPerfect® Office, Pinnacle Studio™, Roxio Creator®, Roxio® Toast® and WinZip®. For more information on Corel, please visit www.corel.com.

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Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release

EQUITY Equity Financial Trust Company

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VIA ELECTRONIC TRANSMISSION

July 15, 2013

TO ALL APPLICABLE EXCHANGES AND COMMISSIONS:

RE: SPHERE 3D CORPORATION
Confirmation of Notice of Record and Meeting Dates

We are pleased to confirm that Notice of Record and Meeting Dates was sent to The Canadian Depository for Securities.

We advise the following with respect to the upcoming Annual General and Special Meeting of Security Holders for the subject issuer:

1	ISIN:	CA84841Q1090
	CUSIP:	84841Q109
2	Date Fixed for the Meeting:	September 16, 2013
3	Record Date for Notice:	August 7, 2013
4	Record Date for Voting:	August 7, 2013
5	Beneficial Ownership Determination Date:	August 7, 2013
6	Classes or Series of Securities that entitle the holder to receive Notice of the Meeting:	COMMON
7	Classes or Series of Securities that entitle the holder to vote at the meeting:	COMMON
8	Business to be conducted at the meeting:	Annual General and Special
9	Notice-and-Access:	
	Registered Shareholders:	NO
	Beneficial Holders:	NO
	Stratification Level:	NOT APPLICABLE
10	Reporting issuer is sending proxy-related materials directly to Non-Objecting Beneficial Owners:	YES
11	Issuer paying for delivery to Objecting Beneficial Owners:	YES

Yours truly,
EQUITY FINANCIAL TRUST COMPANY

" Michael Lee "
Relationship Manager
mlee@equityfinancialtrust.com

Sphere 3D and Overland Storage Enter Licensing and Supply Agreements to Deliver Secure Access to Native Applications and Data Management on Any Device

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – July 16, 2013 –Sphere 3D Corporation (TSX-V: ANY), developer of Glassware 2.0™ technology, today announced that in partnership with Overland Storage (NASDAQ: OVRL), they have developed the first integrated solution that delivers the full functionality of hardware, operating systems, and applications via the cloud to any device.

The combination of Overland's data storage solutions, including its flagship SnapScale, and Sphere 3D's Glassware 2.0™ virtualization solution, will enable mobile device users the full functionality of any software program or application on any device, anywhere, eliminating the application limitations, data management and security problems for enterprises created by the BYOD (Bring Your Own Device) phenomenon. Mobile users that need productivity applications such as word processing, spreadsheets, presentations and collaborations, specialized software for computer-aided design (CAD), magnetic resonance imaging (MRI), software development, video production or customized legacy applications can now experience full application functionality via the cloud. A video presentation on this integrated solution may be viewed here: http://youtu.be/0UuZBZ5KeF4

Business users today cannot truly be productive while on the go without access to the full functionality of the business programs they utilize every day. Additionally, security issues arise for enterprises when data is downloaded to an unsecure personal mobile device, or transferred to cloud solutions out of the enterprise's control, each of which presents critical concerns around the ever-growing BYOD trend. When utilizing the Overland Storage cloud or appliance coupled with Sphere 3D's Glassware 2.0™ technology, mobile business users will be able to access the applications they want, along with the corporate data they need, without any data ever leaving the security of the enterprise.

"BYOD has achieved broad acceptance with 89% of organizations allowing their employees to use their own mobile devices for work purposes, and in just six countries (U.S., U.K., Germany, China, India and Brazil) the number of BYOD devices is expected to double to 405 million by 2016 from 198 million in 2013," said Eric Kelly, President and CEO of Overland Storage. "This Sphere 3D partnership has been a part of Overland's strategy for over a year and is key to delivering on our vision of providing a global distributed enterprise architecture that would give us access to one of the fastest growing markets."

"We are excited to combine our virtualization technology solution with Overland's data storage expertise and to expand our offering beyond the consumer to address the substantial enterprise opportunity," said Peter Tassiopoulos, CEO of Sphere 3D. "Overland has been an innovator in data storage for more than 30 years, and this partnership gives us access to their robust channel of thousands of resellers in 60 different countries and an installed base of more than 450 thousand."

As part of this strategic partnership, Overland and Sphere 3D have entered into a Supplier Agreement whereby Sphere 3D will procure its cloud infrastructure solutions from Overland, as well as a Technology Licensing Agreement which grants Overland the licensing rights for the enterprise market.

Pursuant to the Supplier Agreement, Sphere 3D has agreed to pay for up to $1.5 million of cloud infrastructure equipment in shares to Overland. The first $500,000 has been satisfied through the issuance of 769,231 common shares of Sphere 3D at an ascribed price of $0.65. Sphere shall pay an additional $500,000 in common shares of Sphere 3D on each of the first and second anniversaries of the agreement. The number of common shares to be issued shall be calculated based on the 10 day average of the closing price per common share of Sphere 3D ending 3 trading days prior to each of the anniversary dates; up to a maximum of 769,231 common shares will be issued on each date. Such Sphere 3D shares shall be subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws.

Pursuant to the Technology License Agreement, Sphere 3D shall license its Glassware 2.0™ technology to Overland and grant Overland licensing rights for the enterprise and business market. In return, Overland has agreed to pay Sphere 3D an upfront fee and a royalty on future sales of licensed Sphere 3D technology.

About Sphere 3D Corporation
Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com

About Overland Storage
Overland Storage is the trusted global provider of effortless data management and data protection solutions across the data lifecycle. By providing an integrated range of technologies and services for primary, nearline, offline, archival, and cloud data storage, Overland makes it easy and cost effective to manage different tiers of information over time. Whether distributed data is across the hall or across the globe, Overland enables companies to focus on building their business instead of worrying about data growth. Overland SnapScale, SnapServer, SnapSAN, NEO Series and REO Series solutions are available through a select network of value added resellers and system integrators. For more information, visit www.overlandstorage.com.

Connect with Overland Storage
Follow Overland on Twitter: www.twitter.com/OverlandStorage Visit Overland on Facebook: www.facebook.com/OverlandStorage

Overland Storage, SnapScale, SnapServer, SnapSAN, NEO Series, REO Series and the Overland logo are trademarks Overland Storage, Inc., that may be registered in some jurisdictions. All other trademarks used are owned by their respective owners.

Sphere 3D Contact:
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Overland Investor Relations Contact:
Todd Kehrli or Jim Byers
MKR Group Inc.
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ovrl@mkr-group.com

Forward-Looking Statements
This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

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Sphere 3D Appoints Eric Kelly as Chairman and Director

Not for distribution in the United States or through United States wire services.

MISSISSAUGA, Ontario, July 16th, 2013 -- Sphere 3D Corporation (TSX-V:ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today the appointment of Mr. Eric L. Kelly, President and CEO of Overland Storage, Inc. (NASDAQ: OVRL), as a director of the Company and to serve in the capacity of Chairman of the Board.

Eric Kelly is a seasoned executive with over 30 years' experience in the technology industry and possesses distinct operational, marketing and sales expertise. Mr. Kelly has served as Chief Executive Officer of Overland Storage since January 2009, its President since January 2010 and a member of its Board of Directors since November 2007. Previously, he was President of Silicon Valley Management Partners Inc., a management consulting and M&A advisory firm, which he co-founded in 2007. Prior to Overland, Mr. Kelly also held the positions of Vice President and General Manager of Storage Systems Solutions at Adaptec, Inc.; President and CEO of Snap Appliance, which was acquired by Adaptec; President of the Systems Division at Maxtor Corp.; and had various prior executive-level roles with Dell Computer Corp., Diamond Multimedia, Conner Peripherals and IBM. In March of 2013, U.S. Deputy Secretary of Commerce Rebecca Blank appointed Mr. Kelly to the 2013 US Department of Commerce Manufacturing Council, where he currently serves as Vice-chairman of the subcommittee on Workforce and Public Perception of Manufacturing. Mr. Kelly possesses an M.B.A. from San Francisco State University and a B.S. in Business from San Jose State University.

"We are fortunate that Eric has agreed to join the Board and look forward to his guidance and stewardship as Chairman. His extensive start-up and operating experience will be of considerable value to Sphere 3D as the Company continues to introduce its technology to the marketplace." said Peter Tassiopoulos, CEO of Sphere 3D.

The Company, its management and board of directors would like to thank Jason Meretsky, for his dedication and service as Chairman. Mr. Meretsky will continue as a director of the Company. Following the appointment of Mr. Kelly, the board of directors of Sphere 3D will consist of the following six directors: Peter Ashkin, Mario Biasini, Glenn Bowman, Eric Kelly, Jason Meretsky and John Morelli.

About Sphere 3D
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For further information please contact:
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Sphere 3D Grants Options and Announces Certain Voting Arrangements

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MISSISSAUGA, Ontario, July 16th, 2013 -- Sphere 3D Corporation (TSX-V: ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today the grant of options and the entering into of a Board Nomination Right.

The Company has granted Mr. Eric L. Kelly, a new director who has agreed to serve as Chairman of the Board of the Company an aggregate of 850,000 options to purchase common shares pursuant to the Company’s stock option plan, exercisable for up to a period of 10 years at an exercise price of $0.65 per share. The options shall vest quarterly, in equal amounts, over a 12 month period, subject to accelerated vesting in certain instances. These options are conditional on receipt of regulatory and shareholder approval to amend the Company’s existing stock option plan from a “rolling” 10% stock option plan to a fixed plan authorizing the issuance of stock options equivalent to 20% of the issued and outstanding shares of the Company, and the ratification of the grant of options to Mr. Kelly. These approvals will be sought at the next Annual Meeting of Shareholder of the Company, which is expected to occur in September 2013.

The Company has entered into an Board Nomination Right agreement with Mr. Kelly which gives him the right to appoint one nominee to the Board, provided Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Company. The Agreement further provides that Mr. Kelly shall serve in such capacity, unless he is unable to do so.

Certain shareholders holding 6,815,000 common shares or approximately 42% of the voting shares of the Company have entered into a voting agreement whereby such shareholders have agreed to vote these shares in favour of the amendment to the Company’s stock option plan, the ratification of the grant of the options to Mr. Kelly and the election to the Board of Mr. Kelly’s nominee at any meeting of shareholders of the Corporation at which directors are to be elected. These voting agreements shall terminate if Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) less than 1,850,000 of the outstanding common shares in the capital of the Company.

About Sphere 3D

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For further information please contact:

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Forward-Looking Statements

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VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Mario Biasini
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 1,146,429 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Mario Biasini"
Name: **Mario Biasini**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Mario Biasini ITF Vanessa Biasini
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 300,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

---

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Mario Biasini"
Name: **Mario Biasini**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Sandra Biasini
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 300,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

---

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Sandra Biasini"
Name: **Sandra Biasini**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Promotion Depot
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 1,000,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

---

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Mario Biasini"
Name: **Promotion Depot**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013 BETWEEN:

Giovanni (John) Morelli
(”the “**Shareholder**)

- and -

ERIC L. KELLY
(“**Kelly**”)

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the “**Corporation**”), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the “**Director Representation Right**”), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation (“**Common Shares**”), to appoint a nominee (the “**Kelly Nominee**”) to the board of directors of the Corporation (the “**Board**”), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation’s Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the “**Stock Option Grant Ratification**”); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 1,528,571 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the “**Shares**”).

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

---

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Giovanni Morelli"
Name: **Givoanni Morelli**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Peter Tassiopoulos
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 100,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

---

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Peter Tassiopoulos"
Name: **Peter Tassiopoulos**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Pamela Shier
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 400,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

---

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Pamela Shier"
Name: **Pamela Shier**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Gus Garisto
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 840,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Gus Garisto"
Name: **Gus Garisto**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Elizabeth Gargiulo
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 600,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

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1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Elizabeth Gargiulo"
Name: **Elizabeth Gargiulo**

"Eric L. Kelly"
ERIC L. KELLY

VOTING AGREEMENT

THIS AGREEMENT is made as of the 15 of July, 2013

BETWEEN:

Paul Di Lucia
(the "**Shareholder**")

- and -

ERIC L. KELLY
("**Kelly**")

WHEREAS:

A. On or about the date hereof, (i) Kelly will be appointed as a director and Chairman of Sphere 3D Corporation (the "**Corporation**"), (ii) the Corporation will enter into a board nomination right agreement whereby Kelly shall have the right (the "**Director Representation Right**"), so long as Kelly and his affiliates collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), to appoint a nominee (the "**Kelly Nominee**") to the board of directors of the Corporation (the "**Board**"), and (iii) Kelly will be granted options to acquire up to 850,000 Common Shares pursuant to the Corporation's Stock Option Plan, subject to receipt of all necessary regulatory and shareholder approvals (such shareholder approval being, the "**Stock Option Grant Ratification**"); and

B. The Shareholder is a significant shareholder of the Corporation, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 600,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

---

1. Support Obligations

(a) In the event that Kelly exercises the Director Representation Right, the Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the election to the Board of the Kelly Nominee at any meeting of shareholders of the Corporation at which directors are to be elected.

(b) The Shareholder hereby agrees to vote, and cause persons in respect of whom he/she/it exercises control or direction that hold Shares to vote, all of the Shares in favour of the Stock Option Grant Ratification.

2. Grant of Proxy

The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this agreement or with the prior written consent of Kelly, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement.

5. Termination

This agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, on the date upon which Kelly ceases to be entitled to exercise the Director Representation Right.

6. General

This agreement may not be assigned by the Shareholder without the prior written consent of Kelly. This agreement may not be assigned by Kelly without the prior written consent of the Shareholder.

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under this agreement.

Time will be of the essence of this agreement.

This agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed as of the date first above written.

"Paul Di Lucia"
Name: **Paul Di Lucia**

"Eric L. Kelly"
ERIC L. KELLY

PRIVATE & CONFIDENTIAL

July 15, 2013

Eric L. Kelly
307 Pheasant Run Drive
Danville, CA
94506

Dear Sir:

Re: Board Nomination Right

The purpose of this letter agreement (this "**Agreement**") is to set forth the terms and conditions upon which Eric L. Kelly ("**Kelly**") shall be entitled to nominate a director of Sphere 3D Corporation (the "**Corporation**").

1. The Corporation agreed on the date hereof that the board of directors will be expanded to not more than six (6) members and Kelly will be named a director of the Corporation.

2. The Corporation agrees that, so long as Kelly, and persons affiliated with Kelly (excluding, for greater certainty, Overland Storage, Inc.) collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation ("**Common Shares**"), Kelly shall be entitled to nominate one director of the Corporation (the "**Kelly Nominee**"). For greater certainty, Eric L. Kelly shall initially serve as the Kelly Nominee and shall continue to serve in such capacity, unless he is unable to do so.

3. The parties acknowledge and agree that the Kelly Nominee must be eligible to serve as a director of the Corporation pursuant to applicable laws and is not in breach of the terms of this Agreement.

4. The parties acknowledge and agree that the Kelly Nominee shall immediately resign as a director of the Corporation (and a replacement Kelly Nominee may be appointed by Kelly) in the event that one of the following events occur relating to the Corporation with respect to the Kelly Nominee:

    (A) fraudulent misrepresentation as to qualifications;

    (B) willful misconduct;

    (C) material breach of fiduciary or statutory duty;

    (D) fraud or material dishonesty;

(E) material theft;

(F) any action constituting misconduct, dishonesty, or neglect in the performance of his duties and responsibilities as a director;

(G) willful breach or habitual neglect of significant and material duties as a director;

(H) conviction of a criminal offence punishable by indictment; or

(I) conviction of a criminal offence punishable by summary conviction or any other conduct where such conviction or conduct brings into question the Kelly Nominee's ability to perform his duties under this Agreement honestly and effectively or where such conviction or conduct could adversely affect the reputation and goodwill of the Corporation.

5. If as of the date (the "**Determination Date**") of any management information circular (or similar document) distributed by the Corporation in connection with any meeting of the shareholders of the Corporation (a "**Shareholders' Meeting**") at which directors are to be elected, so long as Kelly and persons affiliated with Kelly collectively own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation, the Corporation shall include the Kelly Nominee in the slate of directors proposed by the Corporation's management for election at the Shareholders' Meeting. The Corporation shall give Kelly not less than fifteen (15) business days' written notice of each Determination Date. The identity of the Kelly Nominee shall be communicated by Kelly in writing to the Corporation at least five (5) business days before the Determination Date, failing which the Kelly Nominee shall be the same Kelly Nominee as was serving on the board of directors of the Corporation on the Determination Date.

General

6. Each of the parties shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other party may reasonably require for the purposes of giving effect to this Agreement.

7. This Agreement shall enure to the benefit of, and be binding on, the parties and their respective heirs, legal representatives, successors and permitted assigns, as the case may be. No party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its or his respective rights or obligations under this Agreement without the prior written consent of the other parties.

8. No amendment of this Agreement will be effective unless made in writing and signed by each of the parties.

9. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written.

10. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract.

11. This Agreement may be executed by the parties in separate counterparts (by original, facsimile signature or other means of electronic transmission) each of which when so executed and delivered shall be deemed to be an original, and all such counterparts shall together be construed as one and the same instrument. The signature of either of the parties hereto may be evidenced by a facsimile, scanned email or internet transmission copy of this Agreement bearing such signature.

[Remainder of Page Intentionally Left Blank]

If you find the foregoing acceptable, please execute the enclosed copy of this letter and return a copy of it to the undersigned.

Yours very truly,

SPHERE 3D CORPORATION

Per: *"T. Scott Worthington"*
Name: T. Scott Worthington
Title: Chief Financial Officer/Secretary

The undersigned hereby acknowledges and agrees to be bound by the foregoing this 15th day of July, 2013.

"Eric L. Kelly"
ERIC L. KELLY

SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 Date of Material Change

July 15, 2013

Item 3 News Release

The news release attached hereto as Schedules "A", "B" and "C" was issued by the Corporation and disseminated via Newsfile on July 16, 2013.

Item 4 Summary of Material Change

The Corporation announced that together with Overland Storage, Inc. ("**Overland**"), it has developed an integrated solution that delivers full functionality of hardware, operating systems, and applications via the cloud to any device. As part of this strategic relationship, Overland and the Corporation entered into a Supplier Agreement whereby the Corporation will procure its cloud infrastructure solutions from Overland and a Technology Licensing Agreement which grants Overland licensing rights for the enterprise market.

The Corporation also announced the appointment of Mr. Eric L. Kelly, President and CEO of Overland, as a director of the Corporation to serve in the capacity of Chairman of the Board. The Corporation entered into a Board Nomination Right agreement with Mr. Kelly as well as certain shareholders have entered into a voting agreement whereby such shareholders shall vote their shares in favour of certain matters including, *inter* alia, the election of Mr. Kelly or his nominee to the Board.

Item 5 Full Description of Material Change

The news releases attached hereto as Schedules "A", "B" and "C" provides a full description of the material change.

The Corporation announced that together with Overland, it has developed an integrated solution that delivers full functionality of hardware, operating systems, and applications via the cloud to any device. As part of this strategic relationship, Overland and the Corporation entered into a Supplier Agreement whereby the Corporation will procure its cloud infrastructure solutions from Overland and a Technology Licensing Agreement which grants Overland licensing rights for the enterprise market.

Pursuant to the Supplier Agreement, the Corporation has agreed to pay for up to $1.5 million of cloud infrastructure equipment in shares to Overland as follows: (i) $500,000 by the issuance of 769,231 common shares of the Corporation at an ascribed price of $0.65; and (ii) an additional $500,000 payable in common shares on each of the first and second anniversaries dates of the agreement calculated based on the 10 day average of the closing price per common share of the Corporation ending 3 trading days prior to each anniversary date, subject in each case to a maximum issuance of 769,231 common shares.

Pursuant to the Technology License Agreement, the Corporation licensed its Glassware 2.0™ technology to Overland and granted Overland licensing rights for the enterprise and business market. In return, Overland has agreed to pay the Corporation an upfront fee and a royalty on future sales of licensed technology of the Corporation.

The Corporation also announced the appointment of Eric L. Kelly, President and CEO of Overland, as a director of the Corporation to serve in the capacity of Chairman of the Board. Mr. Kelly was granted an aggregate of 850,000 options to purchase common shares pursuant to the Corporation's stock option plan at an exercise price of $0.65 per share. The options shall vest quarterly, in equal amounts, over a 12 month period, subject to accelerated vesting in certain instances. These options are conditional on receipt of regulatory and shareholder approval to amend the Corporation's existing stock option plan from a "rolling" 10% stock option plan to a fixed plan authorizing the issuance of stock options equivalent to 20% of the issued and outstanding shares of the Corporation, and the ratification of the grant of options to Mr. Kelly, which approvals will be sought at the next Annual Meeting of Shareholder.

The Corporation has entered into an Board Nomination Right agreement with Mr. Kelly which gives him the right to appoint one nominee to the Board, provided Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Corporation. The Agreement further provides that Mr. Kelly shall serve in such capacity, unless he is unable to do so.

Certain shareholders holding 6,815,000 common shares or approximately 42% of the voting shares of the Corporation have entered into a voting agreement whereby such shareholders have agreed to vote these shares in favour of the amendment to the Corporation's stock option plan, the ratification of the grant of the options to Mr. Kelly and the election to the Board of Mr. Kelly's nominee at any meeting of shareholders of the Corporation at which directors are to be elected. These voting agreements shall terminate if Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) less than 1,850,000 of the outstanding common shares in the capital of the Corporation.

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 **Date of Report**

DATED this 22nd day of July, 2013.

SCHEDULE "A"

Sphere 3D and Overland Storage Enter Licensing and Supply Agreements to Deliver Secure Access to Native Applications and Data Management on Any Device

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – July 16, 2013 –Sphere 3D Corporation (TSX-V: ANY), developer of Glassware 2.0™ technology, today announced that in partnership with Overland Storage (NASDAQ: OVRL), they have developed the first integrated solution that delivers the full functionality of hardware, operating systems, and applications via the cloud to any device.

The combination of Overland's data storage solutions, including its flagship SnapScale, and Sphere 3D's Glassware 2.0™ virtualization solution, will enable mobile device users the full functionality of any software program or application on any device, anywhere, eliminating the application limitations, data management and security problems for enterprises created by the BYOD (Bring Your Own Device) phenomenon. Mobile users that need productivity applications such as word processing, spreadsheets, presentations and collaborations, specialized software for computer-aided design (CAD), magnetic resonance imaging (MRI), software development, video production or customized legacy applications can now experience full application functionality via the cloud. A video presentation on this integrated solution may be viewed here: http://youtu.be/0UuZBZ5KeF4

Business users today cannot truly be productive while on the go without access to the full functionality of the business programs they utilize every day. Additionally, security issues arise for enterprises when data is downloaded to an unsecure personal mobile device, or transferred to cloud solutions out of the enterprise's control, each of which presents critical concerns around the ever-growing BYOD trend. When utilizing the Overland Storage cloud or appliance coupled with Sphere 3D's Glassware 2.0™ technology, mobile business users will be able to access the applications they want, along with the corporate data they need, without any data ever leaving the security of the enterprise.

"BYOD has achieved broad acceptance with 89% of organizations allowing their employees to use their own mobile devices for work purposes, and in just six countries (U.S., U.K., Germany, China, India and Brazil) the number of BYOD devices is expected to double to 405 million by 2016 from 198 million in 2013," said Eric Kelly, President and CEO of Overland Storage. "This Sphere 3D partnership has been a part of Overland's strategy for over a year and is key to delivering on our vision of providing a global distributed enterprise architecture that would give us access to one of the fastest growing markets."

"We are excited to combine our virtualization technology solution with Overland's data storage expertise and to expand our offering beyond the consumer to address the substantial enterprise opportunity," said Peter Tassiopoulos, CEO of Sphere 3D. "Overland has been an innovator in data storage for more than 30 years, and this partnership gives us access to their robust channel of thousands of resellers in 60 different countries and an installed base of more than 450 thousand."

As part of this strategic partnership, Overland and Sphere 3D have entered into a Supplier Agreement whereby Sphere 3D will procure its cloud infrastructure solutions from Overland, as well as a Technology Licensing Agreement which grants Overland the licensing rights for the enterprise market.

Pursuant to the Supplier Agreement, Sphere 3D has agreed to pay for up to $1.5 million of cloud infrastructure equipment in shares to Overland. The first $500,000 has been satisfied through the issuance of 769,231 common shares of Sphere 3D at an ascribed price of $0.65. Sphere shall pay an additional $500,000 in common shares of Sphere 3D on each of the first and second anniversaries of the agreement. The number of common shares to be issued shall be calculated based on the 10 day average of the closing price per common share of Sphere 3D ending 3 trading days prior to each of the anniversary dates; up to a maximum of 769,231 common shares will be issued on each date. Such Sphere 3D shares shall be subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws.

Pursuant to the Technology License Agreement, Sphere 3D shall license its Glassware 2.0™ technology to Overland and grant Overland licensing rights for the enterprise and business market. In return, Overland has agreed to pay Sphere 3D an upfront fee and a royalty on future sales of licensed Sphere 3D technology.

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com http://www.sphere3d.com/or access the Company's public filings at www.sedar.com

About Overland Storage

Overland Storage is the trusted global provider of effortless data management and data protection solutions across the data lifecycle. By providing an integrated range of technologies and services for primary, nearline, offline, archival, and cloud data storage, Overland makes it easy and cost effective to manage different tiers of information over time. Whether distributed data is across the hall or across the globe, Overland enables companies to focus on building their business instead of worrying about data growth. Overland SnapScale, SnapServer, SnapSAN, NEO Series and REO Series solutions are available through a select network of value added resellers and system integrators. For more information, visit www.overlandstorage.com.

Connect with Overland Storage

Follow Overland on Twitter: www.twitter.com/OverlandStorage (Visit Overland on Facebook: www.facebook.com/OverlandStorage

Overland Storage, SnapScale, SnapServer, SnapSAN, NEO Series, REO Series and the Overland logo are trademarks Overland Storage, Inc., that may be registered in some jurisdictions. All other trademarks used are owned by their respective owners.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

Overland Investor Relations Contact:
Todd Kehrli or Jim Byers
MKR Group Inc.
323-468-2300
ovrl@mkr-group.com

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SCHEDULE “B”

Sphere 3D Appoints Eric Kelly as Chairman and Director

Not for distribution in the United States or through United States wire services.

MISSISSAUGA, Ontario, July 16th, 2013 -- Sphere 3D Corporation (TSX-V:ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today the appointment of Mr. Eric L. Kelly, President and CEO of Overland Storage, Inc. (NASDAQ: OVRL), as a director of the Company and to serve in the capacity of Chairman of the Board.

Eric Kelly is a seasoned executive with over 30 years’ experience in the technology industry and possesses distinct operational, marketing and sales expertise. Mr. Kelly has served as Chief Executive Officer of Overland Storage since January 2009, its President since January 2010 and a member of its Board of Directors since November 2007. Previously, he was President of Silicon Valley Management Partners Inc., a management consulting and M&A advisory firm, which he co-founded in 2007. Prior to Overland, Mr. Kelly also held the positions of Vice President and General Manager of Storage Systems Solutions at Adaptec, Inc.; President and CEO of Snap Appliance, which was acquired by Adaptec; President of the Systems Division at Maxtor Corp.; and had various prior executive-level roles with Dell Computer Corp., Diamond Multimedia, Conner Peripherals and IBM. In March of 2013, U.S. Deputy Secretary of Commerce Rebecca Blank appointed Mr. Kelly to the 2013 US Department of Commerce Manufacturing Council, where he currently serves as Vice-chairman of the subcommittee on Workforce and Public Perception of Manufacturing. Mr. Kelly possesses an M.B.A. from San Francisco State University and a B.S. in Business from San Jose State University.

“We are fortunate that Eric has agreed to join the Board and look forward to his guidance and stewardship as Chairman. His extensive start-up and operating experience will be of considerable value to Sphere 3D as the Company continues to introduce its technology to the marketplace.” said Peter Tassiopoulos, CEO of Sphere 3D.

The Company, its management and board of directors would like to thank Jason Meretsky, for his dedication and service as Chairman. Mr. Meretsky will continue as a director of the Company. Following the appointment of Mr. Kelly, the board of directors of Sphere 3D will consist of the following six directors: Peter Ashkin, Mario Biasini, Glenn Bowman, Eric Kelly, Jason Meretsky and John Morelli.

About Sphere 3D

Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

For further information please contact:
Sphere 3D Corporation
Peter Tassiopoulos CEO
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy of this release.

SCHEDULE "C"

Sphere 3D Grants Options and Announces Certain Voting Arrangements

Not for distribution in the United States or through United States wire services.

MISSISSAUGA, Ontario, July 16th, 2013 -- Sphere 3D Corporation (TSX-V: ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today the grant of options and the entering into of a Board Nomination Right.

The Company has granted Mr. Eric L. Kelly, a new director who has agreed to serve as Chairman of the Board of the Company an aggregate of 850,000 options to purchase common shares pursuant to the Company's stock option plan, exercisable for up to a period of 10 years at an exercise price of $0.65 per share. The options shall vest quarterly, in equal amounts, over a 12 month period, subject to accelerated vesting in certain instances. These options are conditional on receipt of regulatory and shareholder approval to amend the Company's existing stock option plan from a "rolling" 10% stock option plan to a fixed plan authorizing the issuance of stock options equivalent to 20% of the issued and outstanding shares of the Company, and the ratification of the grant of options to Mr. Kelly. These approvals will be sought at the next Annual Meeting of Shareholder of the Company, which is expected to occur in September 2013.

The Company has entered into an Board Nomination Right agreement with Mr. Kelly which gives him the right to appoint one nominee to the Board, provided Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) 1,850,000 or more of the outstanding common shares in the capital of the Company. The Agreement further provides that Mr. Kelly shall serve in such capacity, unless he is unable to do so.

Certain shareholders holding 6,815,000 common shares or approximately 42% of the voting shares of the Company have entered into a voting agreement whereby such shareholders have agreed to vote these shares in favour of the amendment to the Company's stock option plan, the ratification of the grant of the options to Mr. Kelly and the election to the Board of Mr. Kelly's nominee at any meeting of shareholders of the Corporation at which directors are to be elected. These voting agreements shall terminate if Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) less than 1,850,000 of the outstanding common shares in the capital of the Company.

About Sphere 3D

Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

For further information please contact:
Sphere 3D Corporation
Peter Tassiopoulos CEO
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy of this release.

SPHERE 3D CORPORATION

Condensed Interim Financial Statements (Unaudited)

For the Three and Six Months Ended June 30, 2013 and 2012

(Expressed in Canadian Dollars)

NOTICE TO READERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Stands for the preparation of the condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Sphere 3D Corporation
Condensed Consolidated Statements of Financial Position (Unaudited)
As at
(Expressed in Canadian Dollars)

	June 30, 2013	December 31, 2012 (audited)
Assets		
Current		
Cash and cash equivalents	$ 493,825	$ 1,633,334
Investments	-	10,203
Subscriptions receivable	-	150,035
Sales tax recoverable	58,523	78,319
Amounts receivable	54,729	54,729
Prepaid and sundry assets	112,324	105,401
	719,399	2,032,021
Property and equipment	289,450	358,127
Investments	103,479	101,821
Intangible assets (note 4)	788,942	718,750
	$ 1,901,272	$ 3,210,719
Liabilities		
Current		
Trade and other payables (note 5)	$ 156,507	$ 303,218
	156,507	303,218
Shareholders' Deficiency		
Common share capital (note 7)	5,409,488	5,409,488
Other equity (note 8)	1,054,539	1,007,500
Deficit	(4,719,261)	(3,509,487)
	1,744,766	2,907,501
	$ 1,901,273	$ 3,210,719

Nature of operations (note 1)
Commitment and contingencies (note 9)

Approved by the Board

"Glenn Bowman"
Director

"Mario Biasini"
Director

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended June 30		Six Months ended June 30	
	2013	**2012**	**2013**	**2012**
Revenue	$ -	$ 1,700	$ -	$ 409,347
Expenses				
Cost of goods sold	8,700	12,580	17,460	349,784
Salaries and consulting	393,143	209,101	787,612	652,270
Professional fees	18,300	25,725	96,780	44,875
General and administrative	65,940	63,067	140,145	136,175
Technology development	1,824	3,661	11,522	21,748
Public company expenses	25,660	-	58,559	-
Amortization of intangibles	873	-	1,746	-
Amortization of property and equipment	48,981	42,405	96,297	80,526
	563,421	356,539	1,210,121	1,285,378
Loss from operations	(563,421)	(354,839)	(1,210,121)	(876,031)
Financial income (expenses)				
Interest income	3		1,685	
Interest expense	(1,069)	(273)	(1,338)	(554)
	(1,066)	(273)	347	(554)
Net comprehensive loss for the period	(564,487)	(355,112)	(1,209,774)	(876,585)
Loss per share				
Basic and diluted	$ (0.04)	$ (0.03)	$ (0.08)	$ (0.08)
Weighted average number of common shares	16,114,339	11,050,569	16,114,339	11,018,385

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

	Number of common shares	Number of preferred shares	Common share capital	Preferred share capital	Other Equity	Deficit	**Total**
Balance at December 31, 2011	10,600,000	500,000	$ 2,411,832	$ 2,500	$ 25,000	$ (1,048,182)	**$ 1,391,150**
Issuance of common shares	4,116,913		3,431,792				**3,431,792**
Share issuance costs			(373,511)				**(373,511)**
Issuance of warrants			(712,500)		712,500		-
Share based payments	23,529		20,000				**20,000**
Stock option awards					270,000		**270,000**
Conversion of debt	117,647		100,000				**100,000**
Conversion of preferred shares	500,000	(500,000)	2,500	(2,500)			-
Shares issued for acquisition of T.B. Mining Ventures Inc.	756,250		529,375				**529,375**
Comprehensive loss for the period						(2,461,305)	**(2,461,305)**
Balance at December 31, 2012	16,114,339	-	$ 5,409,488	$ -	$ 1,007,500	$ (3,509,487)	**$ 2,907,501**
Stock option awards					47,039		**47,039**
Comprehensive loss for the period						(1,209,774)	**(1,209,774)**
Balance at June 30, 2013	16,114,339	-	$ 5,409,488	$ -	$ 1,054,539	$ (4,719,261)	**1,744,766**

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended June 30		Six Months ended June 30	
	2013	**2012**	**2013**	**2012**
Cash flow from operating activities				
Net comprehensive loss for the period	$ (564,487)	$ (355,112)	$ (1,209,774)	$ (876,585)
Items not affecting cash				
Adjustment for depreciation	48,981	42,405	96,297	80,526
Adjustment for amortization	873	-	1,746	-
Stock compensation expenses	26,733	-	47,039	200,000
Interest on long term investments	-	-	(1,658)	-
Change in working capital:				
Change in investments	10,227	-	10,203	-
Change in sales tax recoverable	63,026	42,140	19,796	32,670
Change in accounts receivables	-	392,975	-	231,404
Change in inventory	-	-	-	21,078
Change in prepaid and sundry assets	(2,160)	(11,015)	(6,923)	41,455
Change in trade and other payables	(116,136)	(79,848)	(146,711)	98,190
Change in deferred revenue	-	-	-	(30,070)
Change in subscriptions received	-	-	150,035	-
Net cash used in operating activities	(532,943)	31,546	(1,039,950)	(201,332)
Cash flow from investing activities				
Acquisition of property and equipment	-	(11,449)	(27,621)	(114,116)
Investment in technology	(27,095)	-	(71,938)	(25,000)
Net cash used in investing activities	(27,095)	(11,449)	(99.559)	(139,116)
Cash flow from financing activities				
Proceeds from common shares, net of issue costs	-	-	-	235,350
Net cash used financing activities	-	-	-	235,350
Net increase/(decrease) in cash and cash equivalents	(560,038)	20,097	(1,139,509)	(105,098)
Cash and cash equivalents at opening	1,053,863	32,899	1,633,334	158,094
Cash and cash equivalents at closing	$ 493,825	$ 52,996	$ 493,825	$ 52,996

See accompanying notes, which are an integral part of these financial statements

1. General Information

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 as T.B. Mining Ventures Inc. The Company is listed on the TSXV, under the trading symbol "ANY" and has its main and registered office of the Company is located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

On December 21, 2012, the Company completed its Qualifying transaction (the "Transaction") with Sphere 3D Inc. ("Sphere 3D") and changed its name to Sphere 3D Corporation. The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange (see note 6). Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation, are included from the date of the reverse takeover.

Sphere 3D Inc. is a technology development company focused on establishing its patent pending emulation and virtualization technology. These condensed consolidated interim statements include the financial statements of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. At June 30, 2013, the Company had working capital of $562,892 and an accumulated deficit of $4,719,261.

The Company's future operations are dependent upon its ability to secure additional funds or secure sales contracts (or both), which provide the Company with adequate funds to cover the cash flows projected for the next year. If the Company does not secure such contracts, or if it cannot secure additional financing, the Company will have to consider additional strategic alternatives which may include, among other strategies, exploring the monetization of certain intangible assets, modification of planned operating expenditures, or the sale of the Company or its subsidiaries. It is not possible to predict whether the Company will be successful in securing new contracts or securing additional financing. These factors raise substantial doubt as to the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Statement of Compliance

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited annual financial statements for the year ended December 31, 2012.

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Statement of Compliance (continued)

These condensed interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31, 2012, which are available at www.sedar.com.

These condensed consolidated interim financial statements were approved by the Board of Directors on July 31, 2013.

3. Basis of Preparation and New Accounting Standards

Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of intangible assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, and contingent liabilities.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are:

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and
- whether there are events or conditions that may give rise to significant uncertainty

3. Basis of Preparation and New Accounting Standards (continued)

New standards and interpretations

The following pronouncements issued by the IASB and interpretations published by IFRIC have become effective for annual periods beginning on or after January 1, 2013:

IFRS 7 - Financial Instruments: Disclosures was amended to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

IFRS 10 - Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

A new definition of 'control' has been established. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation —Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements establishes the principles for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method whereas for a joint operation the venture will be accounted for using the proportionate consolidation method.

IFRS 12 - Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 19 – Employee Benefits amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires remeasurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income and increases the disclosure.

The adoption of these standards and interpretations did not have a material impact on the condensed consolidated interim financial statements of the Company.

The IASB also amended the following standards which is effective as per the date identified.

IFRS 10 – Consolidated Financial Statements was amended to require investment entities to measure subsidiaries at fair value through profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

IFRS 9 - Financial Instruments addresses the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new standard also requires a single impairment method to be used. The IASB has extended the effective date to January 1, 2015, with earlier application permitted.

The Company does not anticipate that the adoption of these standards and interpretations will have a material impact on the condensed consolidated interim financial statements of the Company.

4. Intangible Assets

(i) Investment in technology

On December 31, 2010, the Company acquired all rights and assets related to the emulation and virtualization technology from Promotion Depot Inc., in a non-arms length transaction, in exchange for 1,000,000 shares of the Company's common stock. Since the fair value of the assets received are not readily determinable, the investment was valued based on the $695,000 fair value of the shares received by Promotion Depot Inc. The technology acquired is still in the development stage and not in commercial use. As such, amortization of this asset has not commenced.

(ii) Patents

On January 16, 2012, the Company filed 3 preliminary patents in Canada based on the technology acquired in the investment in technology. In January 2013, the Company extended those preliminary patents to the United States and in March 2013, the Company filed an additional 3 preliminary patents in the United States.

Cost	**Investment in technology**	**Patents**	**Total**
Balance at December 31, 2011	$ 695,000	$ -	$ 695,000
Additions	-	25,000	25,000
Disposals	-	-	-
Balance at December 31, 2012	695,000	25,000	720,000
Balance at December 31, 2012	695,000	25,000	720,000
Additions	-	71,938	71,938
Disposals	-	-	-
Balance at June 30, 2013	$ 695,000	$ 96,938	$ 791,938

Accumulated Amortization	**Investment in technology**	**Patents**	**Total**
Balance at December 31, 2011	$ -	$ -	$ -
Additions	-	1,250	1,250
Disposals	-	-	-
Balance at December 31, 2012	-	1,250	1,250
Balance at December 31, 2012		1,250	1,250
Additions	-	1,746	1,746
Disposals	-	-	-
Balance at June 30, 2013	$ -	$ 2,996	$ 2,996

Net book value	**Investment in technology**	**Patents**	**Total**
as at December 31, 2012	$ 695,000	$ 23,750	$ 718,750
as at June 30, 2013	$ 695,000	$ 93,942	$ 788,942

5. Trade and Other Payables

		June 30 2013		December 31 2012
Trade payables	$	86,002	$	251,845
Non-trade payables and accrued expenses		70,505		51,373
	$	156,507	$	303,218

6. The Transaction

The Company completed the Transaction on December 21, 2012, pursuant to a definitive amalgamation agreement dated August 31, 2012. The Transaction constitutes a reverse takeover of the Company but does not meet the definition of a business combination, and therefore, *IFRS 3 Business Combinations* is not applicable. As a result and in accordance with reverse take-over accounting for a transaction that is not considered a business combination:

Sphere 3D Corporation (formerly T.B. Mining Ventures) is treated as the acquiree and Sphere 3D Inc. is treated as the acquirer. As a result, the amalgamated entity is deemed to be a continuation of Sphere 3D Inc. and Sphere 3D Inc. is deemed to have acquired control of the assets and business of the Company with the consideration of the issuance of capital, and therefore *IFRS 2 Share-based Payments*, is applicable.

Under the terms of the Amalgamation Agreement, T.B. Mining Ventures was required to consolidate (the "Consolidation") its securities on a four (4) for one (1) exchange ratio. As of the date of the Transaction there were 756,250 T.B. Mining Shares issued and outstanding as fully paid and non-assessable, after giving effect to the Consolidation.

The fair value of the consideration issued for the net assets of the Company is as follows:

	$
756,250 common shares valued at $0.70 per share	529,375
Allocated to net asset value (at December 21, 2012):	$
Cash and cash equivalents	51,277
Long term investment	101,821
Accounts payable	(6,500)
Net assets	146,598
Cost of listing (expensed)	382,777
	529,375

The purchase price is recorded as an increase in share capital of $529,375

Transaction costs associated with the Reverse Takeover Transaction which amounted to $124,126 and the cost of listing of $382,777 have been recorded as an expense.

7. Share Capital

Authorized

an unlimited number of common shares

Common shares

Issued and outstanding

	Number of Shares		Value
Balance, December 31, 2011	10,600,000	$	2,411,832
Issued for cash (net of cash fees of $373,541)	4,116,913		3,058,281
Less: Proceeds allocated to warrants	-		(600,000)
Broker warrants	-		(112,500)
Issued for services rendered	23,529		20,000
Issued on conversion of debt	117,647		100,000
Issued on conversion of preferred shares	500,000		2,500
Reverse takeover transaction (note 6)	756,250		529,375
Balance, December 31, 2012 and June 30, 2013	16,114,339	$	5,409,488

Preferred shares

Issued and outstanding

	Number Of Shares		Value
Balance, December 31, 2011	500,000	$	2,500
Converted to common shares	(500,000)		(2,500)
Balance, December 31,2012 and June 30, 2013	-	$	-

In conjunction with the Company's Qualifying Transaction, on December 21, 2012, the preferred shares were automatically exchanged for shares of common stock on a one-for-one basis and were cancelled.

Escrowed shares

With the completion of the Transaction and the Company's subsequent listing on the TSXV, certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

7. Share Capital (continued)

	QT Escrow		Value Share Escrow		Total Escrow	
	Number	**%**	**Number**	**%**	**Number**	**%**
Balance at December 21, 2012[1]	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012[2]	232,750	5	430,625	10	663,375	7
Balance at December 31, 2012	4,422,250	95	3,875,625	90	8,297,875	93
Released – June 27, 2013	232,750	5	645,937	15	878,687	10
Total subject to escrow at June 30, 2013	4,189,500	90	3,229,688	75	7,419,188	83
Future release dates						
December 27, 2013	465,500	10	645,937	15	1,111,437	12
June 27, 2014	465,500	10	645,937	15	1,111,437	13
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	28
Total future releases	4,189,500	90	3,229,688	90	7,419,188	83

(1) Date of completion of the Qualifying Transaction
(2) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release dates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

Stock options

a. On March 4, 2013, the directors of the Company approved the award of 100,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $18,500. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

b. On March 5, 2013, the directors of the Company approved the award of 320,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years. The related contract was subsequently cancelled, during its trail period, and the options expired prior to any vesting.

7. Share Capital (continued)

c. On April 17, 2013, the directors of the Company approved a fiscal 2013 compensation plan for the Independent directors of the Company. The plan calls for the payment of $7,500 per quarter to the Independent directors, which can be paid by cash or the issuance of common stock, at the Company's discretion, subject to TSXV approval. In addition, each of the independent directors was awarded options to purchase 25,000 shares of the

Company's common shares. The award of 75,000 fully vested options, exercisable for 10 years, was valued at $14,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

As at June 30, 2013 the Company had 421,434 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	Weighted average exercise price $	Number
Balance at December 31, 2012	0.83	1,015,000
Granted	0.69	495,000
Expired	0.60	320,000
Outstanding at June 30, 2013	0.84	1,190,000
Exercisable at June 30, 2013	0.83	990,000

The following table provides further information on the outstanding options as at June 30, 2013:

Expiry Date	Number exercisable	Number outstanding	Weighted average exercise price $	Weighted average years remaining
September 8, 2020	75,000	75,000	0.80	7.25
January 16, 2022	640,000	640,000	0.83	8.50
September 19, 2022	175,000	300,000	0.85	9.25
March 4, 2018	25,000	100,000	0.85	4.71
April 17, 2023	75,000	75,000	0.85	9.79
	990,000	1,190,000	0.84	8.0

7. Share Capital (continued)

Warrants

The Company had the following warrants outstanding:

	Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2012 and June 30, 2013	4,262,442	$	0.98

8. Other Equity

	$
Other equity, December 31, 2011	25,000
Value of warrants issued	712,500
Value of options issued	270,000
Other equity, December 31, 2012	1,007,500
Value of option issued	47,039
Other equity, June 30, 2013	1,054,539

9. Commitment and Contingencies

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company's facility in Mississauga, are as follows:

2013	$	56,500
2014		58,000
2015		59,500
2016		20,000

10. Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

Legal services of $30,394 (2012 - $39,232) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at quarter end included in accounts payable total $12,714 (2012 - $2,039)

11. Subsequent Events

a. On July 16, 2013, the Company entered into a Supply Agreement and a Technology Licensing Agreement with Overland Storage, Inc. ("Overland"), and which grants Overland the licensing rights for the enterprise market.

Pursuant to the Supply Agreement, the Company has agreed to procure cloud infrastructure solutions from Overland, for the next ten years. Furthermore, during the first three years of the Supply Agreement, the Company is permitted to pay for purchases through a combination of cash and stock. During this period, half of any purchases will be paid in cash and half in stock, up to a maximum of $3 million in total purchases.

The first $500,000 in stock, which was issued at closing of the Agreement, has been satisfied through the issuance of 769,231 common shares of the Company, at an ascribed price of $0.65. Sphere shall pay an additional $500,000 in common shares of Sphere 3D on each of the first and second anniversaries of the Agreement. The number of common shares to be issued shall be calculated based on the 10 day average of the closing price per common share of Sphere 3D ending 3 trading days prior to each of the anniversary dates; up to a maximum of 769,231 common shares will be issued on each date. Such Sphere 3D shares shall be subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws.

Pursuant to the Technology License Agreement, the Company has granted a license for its

Glassware 2.0™ technology to Overland for the enterprise and business market. In return, Overland paid a fee to the Company of $500,000. The fee was satisfied through the payment of $250,000 in cash and $250,000 in shares of Overland. Additionally, the Company shall receive a royalty on future sales of the licensed technology.

b. On July 16, 2013, the Company's directors elected Mr. Eric L. Kelly to the board of directors and appointed Mr. Kelly as Chairman of the board. Mr. Kelly is a director of Overland Storage, Inc. and its Chief Executive Officer and President. Mr. Kelly's appointment is intended to assist in the commercialization of the Company's technology.

In conjunction with Mr. Kelly's appointment, the board has, subject to regulatory and shareholder approval, agreed to award Mr. Kelly stock options to purchase 850,000 share of common stock of the Company, at an exercise price of $0.65 per share. The options, which vest quarterly, subject to certain rights of acceleration, and are exercisable for up to 10 years, require the approval of the shareholders for both an amendment of the option plan, from a "rolling" 10% plan to a fixed 20% plan, and the number of options awarded.

MANAGEMENT DISCUSSION & ANALYSIS

Ontario Securities Commission FORM 51-102F1

ISSUER DETAILS

FOR QUARTER ENDED	**June 30, 2013**
DATE OF REPORT	**August 6, 2013**
NAME OF ISSUER	**Sphere 3D Corporation**
ISSUER ADDRESS	**240 Matheson Blvd. East Mississauga, ON L4Z 1X1**
ISSUER TELEPHONE NUMBER	**(416) 749-5999**
CONTACT PERSON	**Peter Tassiopoulos**
CONTACT POSITION	**CEO**
CONTACT TELEPHONE NUMBER	**(416) 749-5999**
CONTACT EMAIL ADDRESS	**peter.tassiopoulos@sphere3d.com**
WEB SITE ADDRESS	**www.sphere3d.com**

FORM 51-102F1

SPHERE 3D CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007, as a capital pool company under the CPC Policy, under the name T.B. Mining Ventures Inc.

On December 21, 2012, the Company completed its Qualifying transaction (the "Transaction") with Sphere 3D Inc. ("Sphere 3D") and changed its name to Sphere 3D Corporation. Immediately prior to and in connection with the closing of the Transaction, Sphere 3D Inc. completed pre-closing private placement financings for gross proceeds of $3,116,393. These financings are described in the Company's Filing Statement dated December 14, 2012 which is filed on SEDAR and available for review at www.sedar.com under the Company's profile.

The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange. Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation, are included from the date of the reverse takeover.

Sphere 3D Corporation is a technology development company focused on establishing its patent pending emulation and virtualization technology. This Management's Discussion and Analysis includes the financial results of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company is listed on the TSXV, under the trading symbol "ANY" and has its main and registered office of the Company located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

ADVISORY

This Management's Discussion and Analysis ("MD&A") comments on the financial condition and operations of Sphere 3D Corporation ("Sphere 3D" or the "Company"), for the three and six months ended June 30, 2013 and updates our MD&A for fiscal 2012. The information contained herein should be read in conjunction with the Consolidated Financial Statements and Auditor's Report for fiscal 2012 and the unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2013.

The Company prepares its interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as set out in the Handbook of The Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has reported on this basis in these consolidated interim financial statements. All financial information contained in this MD&A and in the unaudited consolidated interim financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The quarterly unaudited consolidated financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors on July 31, 2013.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed herein, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's web-site at www.sphere3d.com.

BUSINESS UPDATE

Recognizing the need to allow for the consolidation of digital devices and application ecosystems, Sphere 3D is creating ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user's operating system or the local device's hardware limitations.

Sphere 3D's Glassware 2.0 has the following primary value propositions within its business model:

- Consumers can gain complete access to fully functional software versions, allowing PC productivity software to be made available on a variety of Cloud connected devices. Users can do more than just surf or "view" documents on tablets, smartphones or other connected devices – they can create, modify and save, either locally or in the Cloud.

- Software Developers can expand software revenue streams to new platforms, without having to develop multiple versions of their software applications without the need for the customization that is required due to the proliferation of device capabilities and operating systems.

- Enterprise Clients can provide safe, secure mobile access to their legacy applications, without the expensive customization and inherent time and capability trade-offs required by re-writes to the
Cloud. Enterprise's employees or business partners access the enterprise's systems, through their own devices (bring your own device "BYOD") or company-provided equipment, and the enterprise's own network security protocols will apply without having to make further modifications on the actual devices.

To facilitate the growth of its infrastructure and commercialize its technology within the Enterprise market, on July 16, 2013, the Company entered into a Supply Agreement and a Technology Licensing Agreement with Overland Storage, Inc. ("Overland"), which grants Overland licensing rights in the enterprise market.

Pursuant to the Supply Agreement, the Company has agreed to procure cloud infrastructure solutions from Overland, for the next ten years. Furthermore, during the first three years of the Supply Agreement, the Company is permitted to pay for purchases through a combination of cash and stock. During this period, half of any purchases will be paid in cash and half in stock, up to a maximum of $3 million in total purchases.

The first $500,000 in stock, was satisfied through the issuance of 769,231 common shares of the Company, at an ascribed price of $0.65 on July 16th, 2013. Sphere shall pay an additional $500,000 in common shares of Sphere 3D on each of the first and second anniversaries of the Agreement. The number of common shares to be issued shall be calculated based on the 10 day average of the closing price per common share of Sphere 3D ending 3 trading days prior to each of the anniversary dates; up to a maximum of 769,231 common shares will be issued on each date. Such Sphere 3D shares shall be subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws.

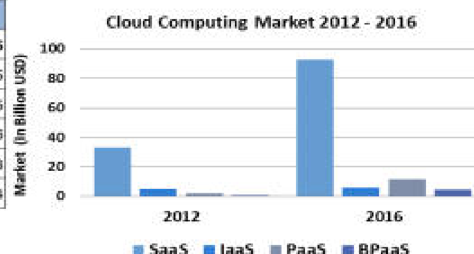
Pursuant to the Technology License Agreement, the Company has granted a license for its Glassware 2.0™ technology to Overland for the enterprise and business market. In return, Overland paid a fee to the Company of $500,000. The fee was satisfied through the payment of $250,000 in cash and $250,000 in shares of Overland. Additionally, the Company shall receive a royalty on future sales of the licensed technology.

Market Overview

The Company has received a "Market and Competitive Analysis" report completed by Frost & Sullivan. Included in the report are overviews of the Cloud Computing, Virtualization, and Mobile Device Markets; a Competitive Technology Analysis of Sphere 3D's Glassware 2.0™ platform; and a Gap Analysis to identify existing opportunities within the current landscape. Founded in 1961, Frost & Sullivan is a market research leader that has more than 40 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. The following two tables are excerpts from the report:

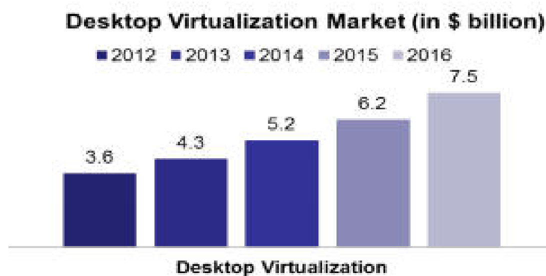
Cloud Computing Market- 2012-2016 (In $ billions)

	2012	2013	2014	2015	2016
SaaS	33.09	47.22	63.19	74.43	92.75
IaaS	4.99	5.75	5.89	5.82	5.65
PaaS	2.08	4.38	7.39	9.8	11.26
BPaaS	0.8	1.26	1.95	2.93	4.28
Total	40.96	58.61	78.42	92.98	113.94



- Cloud Computing Market consists of four segments
  1. Infrastructure as a Service(IaaS)
  2. Software as a Service(SaaS)
  3. Platform as a Service(PaaS)
  4. Business Process as a Service(BPaaS)
- Software as a Service holds 90% of the total cloud computing market share.
- In 2012 cloud computing is expected to reach a total market value of around $40billion.
- In 2016 cloud computing is expected to cross a total market value of $100billion.
- **PaaS is expected to have a rapid growth compared to other segments of Cloud Computing.**
- **Under PaaS application development platforms offered as a cloud service will be dominant**
- The rise in mobile workforce is expected to drive the mobile cloud services market to $45billion in 2016.

Year	Desktop Virtualization Market Value (in $ billions)
2012	3.6
2013	4.3
2014	5.2
2015	6.2
2016	7.5



- VMware occupies more than 53% of the total virtualization market followed by Microsoft.
- The key segments are application virtualization, server virtualization and desktop virtualization.
- Citrix is the market leader in the desktop virtualization with 19% market share.
- VMware is the market leader in the server virtualization with more than 50% of the market share.
- Enterprise server virtualization market is set to reach more than $19b in 2014
- Microsoft is the market leader in the application virtualization with 11% of the market share.
- Among the desktop virtualization market server hosted desktop virtualization holds more than 50% of the total market share.

Intellectual Property

In keeping with the Company's objective to build an expansive intellectual property footprint, the Company has filed six full patent applications (3 in Canada and 3 in the U.S.) claiming the priority date (January 2012) of our previous 3 provisional patents filed in Canada. The Company filed three additional provisional patents in this quarter. These first 9 patent fillings cover, among other things, various server and client side proprietary software capabilities of Sphere 3D's foundational technology platform, "Glassware 2.0™" . The Company has retained Bereskin & Parr LLP for its intellectual property work.

Consumer App Development

During the first quarter, the Company alpha tested the first of its many planned Apps for iPad to a limited number of users through Apple's App Store at www.itunes.com/appstore. The first App tested utilized Glassware 2.0™ thin client technology to give users access to a branded mainstream fully-featured desktop browser that would otherwise be incompatible with iPad. The App allowed users to browse the web faster and with all the necessary plug-ins such as Adobe® Flash®, Java™, PDF and QuickTime. The first phase of testing was completed in February. Screenshots of the App are available at www.sphere3d.com/media.html

During the second quarter, the Company signed a definitive agreement with Corel Corporation ("Corel") to act as Value Added Reseller and Distributor for Corel® Office and Corel® PDF Fusion™. Under the terms of the agreement, Sphere 3D will electronically distribute these award winning office productivity software titles to end users in one of 3 formats: a standard desktop version; a Virtual Desktop Instance (VDI); or mobile software versions powered by Sphere 3D's Software Virtualization solution, Glassware2.0 ™.

SEGEMENTED INFORMATION

The Company's product development, sales, and marketing operations are conducted from its offices in Mississauga, ON, Canada. All sales and assets of the Company have been in Canada. The Company's operations are limited to a single industry segment, being the development, and sale of Sphere 3D's "Glassware™ 2.0" ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user's operating system or the local device's hardware limitations.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Periods Ended June 30, 2013 and 2012

The table below sets out certain selected financial information regarding the consolidated operations of Sphere 3D for the periods indicated. The selected financial information has been prepared in accordance with IFRS. This information is taken from and should be read in conjunction with Sphere 3D's financial statements and related notes:

	Three Months ended June 30,		Six Months ended June 30,	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Revenue	$ -	$ 1,700	$ -	$ 409,347
Net comprehensive loss for the period	(564,487)	(355,112)	(1,209,774)	(876,585)
Loss per share	$ (0.04)	$ (0.03)	$ (0.08)	$ (0.08)

AS AT	June 30 2013 (unaudited)	December 31, 2012 (audited)
Current assets	$ 719,399	$ 2,032,021
Non-current assets	1,181,873	1,178,698
Total assets	$ 1,901,272	$ 3,210,719
Current liabilities	$ 156,507	$ 303,218
Total equity	$ 1,744,766	$ 2,907,501

Sphere 3D has not declared any dividends since its incorporation. Sphere 3D does not anticipate paying cash dividends in the foreseeable future on its Sphere 3D Shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of Sphere 3D and will depend upon Sphere 3D's financial condition, results of operations, capital requirements and such other factors as the board of directors of Sphere 3D deems relevant.

Results of Operations

Sphere 3D is a development stage company and did not generate any revenue in the three or six months ended June 30, 2013, as it continued its development efforts. The majority of the $409,347 in revenue achieved in the six months ended June 30, 2012 related to custom designed interactive kiosks. The design, development and manufacture of these kiosks provided the Company with the ability to test out several components of its technology. The custom design interactive kiosks were a special project and are not expected to generate future revenues.

During the three months ended June 30, 2013, Sphere 3D incurred cost of goods sold and general operating costs of $563,421 compared to $356,539 during the quarter ended June 30, 2012. For the six months ended June 30, 2013, Sphere 3D incurred cost of goods sold and general operating costs of $1,210,121 compared to $1,285,378 during the six months ended June 30, 2012.

Cost of goods sold for the three and six months ended June 30, 2013 were $8,700 and $17,460, respectively, compared to $12,580 and $349,784, respectively for the three and six months ended June 30, 2012. The costs in 2013 relate to the fixed monthly internet costs required to provide the connectivity for our planned products. The costs in 2012 relate to initial manufacture and sale of the custom built interactive kiosks, in addition to the fixed monthly internet costs.

Salaries and consulting for the three and six months ended June 30, 2013 were $393,143 and $787,612, respectively, compared to $209,101 and $652,270, respectively, for the three and six months ended June 30, 2012. Included in Salaries and consulting during the first half of 2013 were stock compensation expenses, related to the awarding of stock options, in the amount of $47,039, compared to $200,000 in the first half of 2012. The increase in expenses, not including stock compensation expenses, was the result of the Company expanding its staff throughout fiscal 2012 and early 2013 and the implementation of an Independent Directors' compensation plan. The Company expects to add additional staff in sales, marketing and research & development during the remainder of fiscal 2013.

Professional fees were $18,300 and $96,780, respectively in the three and six months ended June 30, 2013, compared to $25,725 and $44,875, respectively, in the three and six months ended June 30, 2012. The increase in the first quarter of 2013 was mainly due to recruiting fees incurred to add additional research and development staff and the hiring of an Investor Relations team, on a trial basis, in March of 2013. At the conclusion of the 90-day trial period, the Company did not continue the contract for this team.

General and administrative expenses were $65,940 and $140,145, respectively, for the three and six months ended June 30, 2013 compared to $63,067 and $136,175, respectively, for the three and six months ended June 30, 2012. General and administrative expenses mainly relate to the semi-fixed costs of facility rentals, utilities and office expenses and should not vary greatly over the balance of 2013.

Research and development costs were $1,824 and $11,522, respectively, for the three and six months ended June 30, 2013 compared to $3,661 and $21,748 for the three and six months ended June 30, 2012. These costs are for non-capitalized equipment and for supplies used for the development of Sphere 3D's technology. Sphere 3D expects to increase its spending on development during fiscal 2013 and 2014.

Public company expenses for the three and six months ended June 30, 2013 were $25,660 and $58,559 respectively (2012 – nil). These fees relate to the cost of listing the Company's equity on the Toronto Stock Exchange – Venture and the filing fees for continuous disclosures.

The net comprehensive loss for the three and six months ended June 30, 2013 was $564,487 or $0.04 per share and $1,209,774 or $0.08 per share, respectively, compared with a net comprehensive loss in the three and six months ended June 30, 2012 of $355,112 or $0.04 per share and $876,585 or $0.08 per share, respectively. Sphere 3D expects to continue to incur losses for the remainder of fiscal 2013 as it completes its development of its technology and commercializes its products.

Financial Position

Sphere 3D's cash position decreased during the quarter ended June 30, 2013 by $560,038 compared to an increase of $20,097 for the quarter end June 30, 2012. Operating activities required cash of $532,943, after adjustments for non-cash items and changes in other working capital balances, compared to being a source of $31,546 during the quarter ended June 30, 2012. Investing activities required cash of $27,095 (2012 - $11,449), related to the cost of filing patents and trademarks and the acquisition of property and equipment to support Sphere 3D's ongoing development work. Sphere 3D did not receive any cash from financing activities in the quarters ended June 30, 2013 and 2012.

Liquidity and Capital Resources

At June 30, 2013, Sphere 3D had cash of $493,825 and working capital of $562,892 compared to cash of $1,633,334 and working capital of $1,728,803 as at December 31, 2012.

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 16,883,570 common shares were issued and outstanding as of the date of this MD&A.

Certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	QT Escrow		Value Share Escrow		Total Escrow	
	Number	**%**	**Number**	**%**	**Number**	**%**
Balance at December 21, 2012[(1)]	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012[(2)]	232,750	5	430,625	10	663,375	7
Balance at December 31,2012	4,422,250	95	3,875,625	90	8,297,875	93
Released – June 27, 2013	232,750	5	645,937	15	878,687	10
Total subject to escrow at June 30, 2013	4,189,500	90	3,229,688	75	7,419,188	83
Future release dates						
December 27, 2013	465,500	10	645,937	15	1,111,437	12
June 27, 2014	465,500	10	645,937	15	1,111,437	13
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	28
Total future releases	4,189,500	90	3,229,688	90	7,419,188	83

(1) Date of completion of the Qualifying Transaction
(2) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release rates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

The Company has warrants outstanding to purchase up to an aggregate of 4,262,442 common shares, including an unit warrant, consisting of one share and one warrant, that if exercised would allow for the purchase of an additional 325,925 common shares.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 10% of the number of common shares outstanding, or 1,688,357 Options. As of the date of this MD&A, Options granted under the Option Plan to purchase up to an aggregate of 1,540,000 common shares are issued and outstanding.

Assuming that all of the outstanding options and warrants are exercised, 23,011,937 common shares would be issued and outstanding on a fully diluted basis.

Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

During the three and six months ended June 30, 2013, legal services of $13,703 and $30,394, respectively (2012 - $16,143 and $39,232) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at quarter end included in accounts payable total $12,714 (2012 - $2,039)

Quarterly Information

As a private company, until the reverse takeover transaction which took place on December 21, 2012, Sphere 3D was not required to prepare quarterly financial statements, and as such, no quarterly financial statements are included in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to Sphere 3D Corporation can be found on SEDAR at www.sedar.com.

SPHERE 3D CORPORATION

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MONDAY, SEPTEMBER 16, 2013

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders of Sphere 3D Corporation (the "Corporation") will be held at the **XChange Conference Centre, 121 King Street West, Suite 1760, Toronto, Ontario on Monday, September 16, 2013 at 10:00 a.m. (Toronto time)** (the "Meeting") for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2012, together with the auditor's report thereon;

2. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to fix the number of directors at six and to elect six directors for the ensuing year;

3. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution appointing Collins Barrow Toronto LLP as the Corporation's auditor for the ensuing year;

4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to amend the Corporation's stock option plan (the "Stock Option Plan Resolution"): (i) from a "rolling 10%" stock option plan to a fixed stock option plan authorizing the issuance of up to 3,375,000 common shares, being approximately 20% of the current issued and outstanding shares; (ii) to extend the period of time that an optionee may exercise a previously granted option in the event of termination without cause, resignation or retirement; and (iii) to provide that certain unvested options shall automatically vest in the event of a change of control or sale of all or substantially all of the assets of the Corporation, as more particularly described in the accompanying Information Circular dated August 9, 2013 (the "Circular");

5. assuming the Stock Option Plan Resolution is approved, to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to ratify, confirm and approve the grant of options to a director and officer of the Corporation, as more particularly described in the Circular;

6. assuming the Stock Option Plan Resolution is approved, to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to further amend the stock option plan to permit (i) that number of common shares reserved for issuance pursuant to stock options granted to insiders to exceed 10% of the outstanding issue, (ii) the issuance of stock options to insiders in excess of 10% of the outstanding issue within a one-year period, or (iii) the issuance of stock options to any one insider or such insider's associates in excess of 5% within a one-year period, as more particularly described in the Circular; and

7. to transact such other business as may properly come before the Meeting or any adjournment thereof.

An “Ordinary Resolution” is a resolution which must be approved by at least 50% plus one vote of all votes cast by the shareholders of the Corporation present at the Meeting in person or by proxy in order to become effective. For resolutions 5 and 6 above, only votes cast by disinterested shareholders, as more particularly described in the Circular, will be included in the vote tabulation.

The nature of the business to be transacted at the Meeting is described in further detail in the Circular. A Proxy Form and Return Card also accompany this Notice of Meeting and the Circular. Only shareholders of record at the close of business on August 7, 2013 will be entitled to receive notice of, and to vote at, the Meeting or any adjournment thereof.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to or who do not wish to attend the Meeting in person are requested to date and sign the enclosed Proxy form promptly and return it to Equity Financial Trust Company by one of the following methods:

INTERNET	Go to www.voteproxyonline.com and enter the 12 digit control number included on the Proxy or voting instruction form
FACSIMILE	(416) 595-9593
MAIL or HAND DELIVERY	EQUITY FINANCIAL TRUST COMPANY Attention: Proxy Department 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1

To be used at the Meeting, proxies must be received by Equity Financial Trust Company by no later than 1:00 p.m. (Toronto time) on September 12, 2013 or, if the Meeting is adjourned, by no later than 10:00 a.m. (Toronto time) on the second last business day prior to the date on which the Meeting is reconvened, or may be deposited with the Chairman of the Meeting prior to the commencement of the Meeting. If a registered shareholder receives more than one Proxy form because such shareholder owns shares registered in different names or addresses, each Proxy form should be completed and returned.

DATED as of the 9th day of August, 2013.

BY ORDER OF THE BOARD

“Eric L. Kelly”

Eric L. Kelly
Chairman of the Board

SPHERE 3D CORPORATION

INFORMATION CIRCULAR
As at August 9, 2013

SOLICITATION OF PROXIES

This Information Circular (the "Circular") is furnished to shareholders of Sphere 3D Corporation (the "Corporation" or "Sphere 3D") in connection with the solicitation by and on behalf of the management of the Corporation of proxies to be used at the annual and special meeting of shareholders (the "Meeting") of the Corporation to be held at XChange Conference Centre, 121 King Street West, Suite 1760, Toronto, Ontario on Monday, September 16, 2013 at 10:00 a.m. (Toronto time), and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the "Notice").

Solicitations may be made by mail and supplemented by telephone or other personal contact by the officers, employees or agents of the Corporation without special compensation. Pursuant to National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation materials to the beneficial owners of the common shares of the Corporation

(the "**Shares**"). The cost of any such solicitation will be borne by the Corporation.

The board of directors of the Corporation (the "**Board**") has fixed the record date for the Meeting to be the close of business on August 7, 2013 (the "**Record Date**"). Shareholders of record as of the Record Date are entitled to receive notice of the Meeting and to vote those Shares at the Meeting, in person or by proxy. A list of shareholders entitled to vote at the Meeting has been prepared as at the Record Date and will be available for review at the Meeting..

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) to attend and represent him or her at the Meeting other than those persons named in the enclosed form of proxy. Such right may be exercised by striking out the printed names and inserting such other person's name in the blank space provided in the form of proxy or by completing another proper form of proxy.** A form of proxy will not be valid unless it is completed, dated, signed and delivered to the office of the registrar and transfer agent of the Corporation, Equity Financial Trust Company, Attention: Proxy Department, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, fax number (416) 595-9593, not less than 48 hours (excluding Saturday, Sunday and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A proxy may be revoked by depositing an instrument in writing, executed by the shareholder or his or her attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for the corporation at the office of Equity Financial Trust Company, Attention: Proxy Department, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, fax number (416) 595-9593, at any time, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used.

In addition, a proxy may be revoked by the shareholder executing a proxy revocation bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation within the time period set out under the heading "Voting of Proxies", or by the shareholder personally attending the Meeting or any adjournment thereof and voting his or her Shares. Any revocation made or delivered at the Meeting or any adjournment thereof shall be valid only with respect to matters not yet dealt with at the time such revocation is received by the Chairman of the Meeting.

VOTING OF PROXIES

All Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Shares represented by the proxy will be voted in accordance with such specifications. **In the absence of any such specifications, the management designees, if named as proxy, will vote FOR of all the matters set out herein**.

The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the date of this Circular, the Corporation is not aware of any amendments to, or variations of, or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.

Proxies, to be valid, must be deposited at the office of Equity Financial Trust Company, Attention: Proxy Department, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, fax number (416) 595-9593, not less than 48 hours (excluding Saturday, Sunday and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

ADVICE TO BENEFICIAL SHAREHOLDERS ON VOTING THEIR SHARES

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold their Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those Shares will not be registered in the shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of CDS Clearing and Depository Services Inc., which acts as depositary for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by his or her broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Services ("**BICS**"). BICS typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to BICS. BICS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting. **A Beneficial Shareholder receiving a proxy with a BICS sticker on it cannot use that proxy to vote Shares directly at the Meeting. The proxy must be returned to BICS well in advance of the Meeting in order to have the Shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

These shareholder materials are being sent to both registered and non-registered owners of the shares. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Shares, of which, as of August 7, 2013, 16,883,570 Shares were issued and outstanding and entitled to vote at the Meeting on the basis of one vote for each Share held.

The holders of Shares of record at the close of business on the Record Date are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held.

To the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the following person beneficially owns, controls or directs, directly or indirectly, more than 10% of the issued and outstanding Shares:

Name of Shareholder	Number of Shares	Percentage of Shares
Mario Biasini President and Director of the Corporation[1]	2,746,429	16.27%

Note:

(1) Includes 1,146,429 Shares held directly by Mr. Biasini, 300,000 Shares held indirectly through his wife, Sandra Biasini, 300,000 Shares held indirectly in trust for his daughter, Vanessa Biasini, and 1,000,000 Shares held indirectly by his wholly-owned company, Promotion Depot Inc.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those matters set forth in the accompanying Notice of Meeting relating to (i) the receipt of the financial statements and auditors' report thereon; (ii) the election of directors; (iii) the appointment of auditors, (iv) approval of a "fixed 20%" stock option plan, (v) ratification of option awards and (vi) approval of additional changes to the Corporation's Stock Option Plan by disinterested shareholders.

I. Presentation of the Audited Annual Financial Statements

Management, on behalf of the Board, will submit to the shareholders at the Meeting the Consolidated Financial Statements of the Corporation for the fiscal year ended December 31, 2012 and the Auditor's Report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken. The Consolidated Financial Statements and Auditor's Report have been mailed to shareholders who requested them.

II. Election of Directors

The Board presently consists of six (6) directors, all of whom are elected annually. The Board has fixed the number of directors to be elected at the Meeting at six (6). It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario) or the Corporation's by-laws. **It is the intention of the management designees, if named as proxy, to vote FOR the election of said persons to the Board.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors.

The following table sets out the names of persons proposed to be nominated by management for election as a director; all positions and offices in the Corporation held by them; their principal occupation for the last five years; the periods during which they have served as a director; and the number of Shares beneficially owned or controlled, directly or indirectly, by them or over which control or direction is exercised, as of the date hereof. Each director elected will hold office until the next annual meeting of the Corporation, unless his office is earlier vacated in accordance with the by-laws of the Corporation or becomes disqualified to act as a director.

Name, Position and Province/State and Country of Residence	Director Since [1]	Principal Occupation	Holding of Outstanding Common Shares [2]
Peter Ashkin [3], [4] Director California, USA	January 16, 2012	President, Peter Ashkin Consulting; Owner and Operator of Red Head Ranch	30,000 / 0.18%
Mario Biasini President and Director Ontario, Canada	October 21, 2009	President, Sphere 3D and President, Promotion Depot Inc.	2,746,429 / 16.27%
Glenn M. Bowman [3], [4] Director Ontario, Canada	January 16, 2012	Managing Partner, Capital Canada	25,000 / 0.15%
Eric L. Kelly [3] Director and Chairman California, USA	July 15, 2013	President and Chief Executive Officer of Overland Security, Inc.	Nil / 0%
Jason D. Meretsky [4] Director Ontario, Canada	January 16, 2012	Partner, Meretsky Law Firm	25,000 / 0.15%
John Morelli Chief Technology Officer and Director Ontario, Canada	September 23, 2011	Chief Technology Officer, Sphere 3D (2009 – present); G. Morelli Consulting (1998-2009)	1,528,571 / 9.05%

Notes:

(1) Includes period as Director of the predecessor Company, Sphere 3D Inc.

(2) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.

(3) Independent director. See "Corporate Governance – Board of Directors".

(4) Member of Audit Committee and Compensation Committee.

Management recommends voting FOR the resolution to elect the nominated directors.

Further information about each proposed nominee for director is set out below:

Peter Ashkin, Director

Mr. Ashkin is a current member of the Board and also serves as the Chairman of its Compensation Committee. Mr. Ashkin is President of Peter Ashkin Consulting, based in Paso Robles, California, a consulting agency that focuses on high-tech start-up companies. Mr. Ashkin also owns and operates Red Head Ranch in Paso Robles, California, a producer of award winning wines. Previously, Mr. Ashkin served as President of the Technology Group for CanWest Mediaworks (2004 - 2006), at that time, Canada's largest media company, with multiple locations across Canada consisting of newspapers, broadcast television and cable. Prior to CanWest, Mr. Ashkin served as President of Product Strategy for AOL (America Online) (2001 - 2004), at that time, the world's largest Internet provider. Mr. Ashkin also served as Senior Vice President and Chief Technology Officer of Gateway Computer (1998 - 2001) and prior thereto a number of senior and executive management positions at both Toshiba Corporation and Apple Inc.

Mario Biasini, President and Director

Mr. Biasini has been a director of the Corporation since he co-founded the business in October 2009 and also serves as its President. Mr. Biasini is also the founder and President of Promotion Depot Inc., a private company in the graphic arts, lithographic printing, digital reproductions and promotional product industry. Founded in 2003, Promotion Depot is an innovative printing and promotion specialties company that has worked with Fortune 500 companies in Canada and the U.S., including: LG Electronics, Samsung, I Travel 2000, Novartis Consumer Health, Dairy Queen and Mentos. Mr. Biasini has over 20 years of operations management and industry contacts.

Glenn M. Bowman, Director

Mr. Bowman is a current member of the Board and serves as the Chairman of the Audit Committee. Mr. Bowman, FCPA, FCA, is Managing Partner with Capital Canada Limited; a recognized leader in providing investment banking services to predominantly mid-market companies, since 2003. Mr. Bowman is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Ontario. He served on the Accounting Standards Board of the Canadian Institute of Chartered Accountants from 2002 to 2006. Mr. Bowman's responsibilities at Capital Canada include investment banking, financial advisory work (including fairness opinions and business and securities valuations), and financial restructuring services. Prior to joining Capital Canada, Mr. Bowman was the President and Director of investment bank Houlihan Lokey Howard & Zukin Canada where he was responsible for managing the Canadian operations, including new business and staff development (1996 - 2003). Mr. Bowman has extensive experience in a wide range of topics including mergers and acquisitions, private placements of debt and equity and preparation and assessment of financial forecasts. Mr. Bowman currently serves on the board of directors of Rockcliff Resources Inc. (TSXV:RCR), a Canadian resource exploration company, and a member of its audit committee (since 2010) and as a member of the board of directors of WireIE Holdings International Inc. (privately held), a global provider of IP based broadband wireless network solutions. Mr. Bowman previously served as Chairman of Alliance Financing Group Inc. (renamed Stream Ventures Inc.).

Eric L. Kelly, Chairman and Director

Mr. Kelly is a current member of the Board and serves as its Chairman, since July 2013. Mr. Kelly has served as Chief Executive Officer of Overland Storage, Inc. (Nasdaq: OVRL) since January 2009, its President since January 2010 and a member of its board of directors since November 2007. From April 2007 to January 2009, Mr. Kelly served as President of Silicon Valley Management Partners Inc., a management consulting and M&A advisory firm, which he co-founded in April 2007. Mr. Kelly has spent nearly 30 years in computer technology developing distinct operational, marketing and sales expertise. His previous corporate affiliations include Adaptec Inc., Maxtor Corp., Dell Computer Corp., Diamond Multimedia, Conner Peripherals and IBM. Mr. Kelly earned an M.B.A. from San Francisco State University and a B.S. in Business from San Jose State University.

Jason D. Meretsky, Director

Mr. Meretsky is a current member of the Board and previously served as its Chairman until July 2013. Mr. Meretsky practices corporate and securities law at his own firm, Meretsky Law Firm, since 2009 as well as participated in various other entrepreneurial pursuits. Previously, he served as Executive Vice President, Corporate Development of Avid Life Media Inc., a Canadian based online media company (2008 - 2009) and Vice President and General Counsel of Enghouse Systems Limited (TSX: ESL), a public enterprise technology company (2004 - 2008). Prior thereto, Mr. Meretsky practiced corporate and securities law as a partner with Goodman and Carr LLP, a Toronto based full-service law firm. Mr. Meretsky previously served on the board of directors of CECO Environmental Corp. (Nasdaq: CECE) (2010 to 2013), BioSign Technologies Inc. (TSXV: BIO) (2011 to 2013), LiveReel Media Corporation (OTCBB: LVRL) (2010 to 2013) and Homeserve Technologies Inc. (2003-2011). Mr. Meretsky completed the Joint J.D./M.B.A Program from the Schulich School of Business at York University and from Osgoode Hall Law School and is a member in good standing of the Law Society of Upper Canada.

John Morelli, Chief Technology Officer and Director

Mr. Morelli is a current member of the Board and has served as the Chief Technology Officer of the Corporation since its founding in October 2009. One of the original founders of Sphere 3D Inc. in 2009, Mr. Morelli has over 15 years of R & D and manufacturing development experience. Mr. Morelli is also the founder and President of GFM Digital Logics, a communications and audio design and development corporation. During his progressive career, Mr. Morelli has: serviced and designed satellite communications for Northern Telecom; managed production for CTcell Limited, a Canadian cellular phone company, and spearheaded its DOC/FCC approvals, including filing and being awarded a FCC license for cellular telecommunication: co-developed and tested Phillips Semi-Conductors Canada's I2C Bus/USB 1.0; co-sponsored The Insurance Bureau of Canada's filing of the Electronic Driver License System; developed and acquired approval for the Emergency Alert System (EAS) automotive design and testing, which included the Metro Toronto Police, Metro Toronto Ambulance and Fire Department; and held the position of Sales Manager for OAM Computer Group, an IT Consulting and deployment company focused on Fortune 500 companies. Mr. Morelli has filed and been awarded two successful patents. Mr. Morelli is AT&T Communication Certified, 3Com Vo-IP Certified, a Symantec Partner/Technician, Microsoft MSDN Partner, IBM International Sales Partner, Canadian FINTRAC/MasterCard Partner, Microsoft Keyboard Design Partner, and Phillips Semi-Conductor Chip-On Glass Testing and Developer.

Certain Nominating and Voting Rights

The Corporation entered into a Board Nominating Right Agreement dated July 15, 2013 whereby Mr. Kelly shall be entitled to nominate one director of the Corporation (the "Kelly Nominee") provided Mr. Kelly and persons affiliated with Mr. Kelly collectively own (or have a right to acquire) 1,850,000 or more Shares. Mr. Kelly shall serve as the Kelly Nominee unless he is unable to serve in such capacity.

Certain shareholders of the Corporation holding 6,815,000 Shares representing approximately 40.3% of the issued and outstanding shares as of the date hereof, have entered into a Voting Agreement with Mr. Kelly whereby they would agree to vote in favour of the Kelly Nominee at all meetings where directors are appointed as well as the amendment to the Corporation's stock option plan and the ratification of the option awards to Mr. Kelly proposed herein.

Except as otherwise stated above, there are no other contracts, arrangements or understandings between any management nominee and any other person (other than the directors and officers of the Corporation acting solely in such capacity) pursuant to which a nominee is to be elected as a director.

Additional Disclosure Relating to Directors

Except as set out below, to the knowledge of the Corporation, no proposed director of the Corporation:

(a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that,

   i. was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

   ii. was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, "**order**" means:

i. a cease trade order;

ii. an order similar to a cease trade order; or

iii. an order that denied the relevant company access to any exemption under securities legislation, that was in effect for more than 30 consecutive days.

(b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

(d) has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

III. Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Collins Barrow Toronto LLP, Chartered Accountants, of Toronto, Ontario, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix the auditors' remuneration. Collins Barrow Toronto LLP was first appointed auditors of the Corporation effective December 8, 2011.

On the representations of the said auditors, neither that firm nor any of its partners has any direct financial interest nor any material indirect financial interest in the Corporation or any of its subsidiaries nor has had any connection during the past three years with the Corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

Management recommends voting FOR the resolution to appoint Collins Barrow Toronto LLP, Chartered Accountants, as the Corporation's auditors and to authorize the Board to fix their remuneration.

IV. Approval of Amendment of the Corporation's Stock Option Plan

The Sphere 3D Corporation stock option plan (the "**Plan**") was initially approved by shareholders of the predecessor company and was subsequently adopted by the Corporation upon its amalgamation with T.B. Mining Ventures Inc. on December 20, 2012. The Plan is a "rolling" stock option plan that authorizes the Corporation to reserve for issuance up to 10% of the issued Shares of the Corporation at any time.

Proposed Amendments to the Plan

The Board has resolved to amend, subject to shareholder and regulatory approval, the Corporation's existing 10% "rolling" stock option plan to a fixed stock option plan authorizing the issuance of up to 3,375,000 options (being approximately 20% of the current issued and outstanding Shares as of the date of this Circular).

The Board has also resolved to amend the Stock Option Plan, subject to shareholder and regulatory approval, to provide that, at the discretion of the Board at the time of grant or any time thereafter, upon termination without cause, resignation or retirement of the optionee, the optionee shall have a period of one (1) year within which to exercise any options that have vested in the optionee as of the date of such termination without cause, resignation or retirement and to enter into a written agreement to such effect. The Stock Option Plan currently affords the directors discretion in this regard for up to a ninety (90) day period for employees and sixty (60) day period for consultants. In addition, the Board is seeking the approval of shareholders, subject to regulatory approval, to extend the aforementioned ninety (90) day period or sixty (60) day period to one (1) year for any options currently outstanding and held by current directors, officers, employees and consultants as at the date of the Meeting bringing into alignment the exercise period of options for all participants.

The Board has also resolved to amend the Stock Option Plan, subject to shareholder and regulatory approval, to provide that in the event of (i) the Corporation accepts an offer to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or in the event that holders of greater than 50% of the Corporation's outstanding Shares accept an offer made to all or substantially all of the holders of the Shares of the Corporation to purchase in excess of 50.1% of the then current issued and outstanding Shares, or (ii) the Corporation accepts an offer to sell all or substantially all of its property and assets so that the Company shall cease to operate as an active business, then at the discretion of the Board at the time of grant or at any time thereafter, all unvested options shall, without any further action on behalf of the Corporation be automatically vested and may be exercised within a specified period thereafter.

A copy of the amended Stock Option Plan is attached hereto as Schedule "B" and has been blacklined to the original Plan adopted by the Corporation on December 20, 2012 to show the proposed changes.

Summary of the Plan

The purpose of the Plan is to attract, retain and motivate directors, officers, employees and consultants by providing them with the opportunity, through the exercise of options, to acquire a proprietary interest in the Corporation.

Subject to the requirements of the Plan, the Board has the authority to select those directors, officers, employees and consultants to whom options will be granted, the number of options to be granted to each person and the price at which common shares of the Corporation may be purchased.

In addition to the proposed amendments set forth above, the key features of the Plan are as follows:

- Eligible participants are full-time and part-time employees, officers and directors of, or consultants to, the Corporation or its affiliates, which may be designated from time to time by the directors of the Corporation.
- The fixed maximum percentage of common shares issuable under the Plan is 20% of the issued and outstanding common shares as of the date of this Circular.
- The Board determines the exercise price of each option at the time the option is granted, provided that such price is not lower than the "market price" of common shares at the time the option is granted, pursuant to the rules of the TSX Venture Exchange (the "**Exchange**") or another stock exchange where the majority of the trading volume and value of common shares occurs, immediately preceding the relevant date.
- Unless otherwise determined by the Board, each option becomes exercisable as to $33^{1}/_{3}$% on a cumulative basis, at the end of each of the first, second and third anniversaries following the date of grant.
- The period of time during which a particular option may be exercised is determined by the Board, subject to any employment contract or consulting contract, provided that no such option term shall exceed 10 years.
- Options and rights related thereto held by an optionee are not to be assignable or transferable except on the death of the optionee.
- The Board may from time to time in its absolute discretion amend, modify and change the provisions of the Plan or any options granted pursuant to the Plan, provided that any amendment, modification or change to the provisions of the Plan or any options granted pursuant to the Plan shall not adversely alter or impair any option previously granted and be subject to regulatory approvals, including, where applicable, the approval of the Exchange in various circumstances as more particularly set forth in the Plan.
- The Board may discontinue the Plan at any time without consent of the participants under the Plan provided that such discontinuance shall not adversely alter or impair any option previously granted.

At the Meeting, Shareholders will be asked to pass a resolution as set out below approving and confirming the Amended Stock Option Plan, as amended and as described above (the "Option Plan Resolution"), which resolution must be approved by a majority of the votes cast at the shareholders' meeting.

The Board recommends that Shareholders vote FOR the Option Plan Resolution.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

"BE IT RESOLVED THAT:

1. the Corporation's Amended and Restated Stock Option Plan (the "**Plan**"), as amended, be approved and confirmed;

2. all unallocated options issuable pursuant to the Plan, from time to time, are hereby approved and authorized for issuance; and

3. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, and, if appropriate, deliver all documents and instruments and to do all other things as in the opinion of such director or officer as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of such action."

Unless a Shareholder directs that his or her Shares are to be voted against the Option Plan Resolution, the management nominees named in the enclosed form of proxy will vote FOR the Option Plan Resolution. A majority of the votes cast by shareholders at the Meeting shall be required to approve the Option Plan Resolution.

V. Ratification of Prior Option Award

In connection with Mr. Eric L. Kelly agreeing to serve as a director of the Corporation and act in the capacity of Chairman of the Board, the Corporation awarded Mr. Kelly an aggregate of 850,000 options (the "**Kelly Options**") to purchase Shares pursuant to the Plan, subject to regulatory and shareholder approval, exercisable for a period of up to 10 years at an exercise price of $0.65 per share. The options vest quarterly, in equal amounts, over a 36 month period, subject to accelerated vesting in certain instances. These options are conditional on receipt of regulatory and shareholder approval to amend the Company's existing Plan from a "rolling" 10% stock option plan to a fixed plan authorizing the issuance of stock options equivalent to 20% of the issued and outstanding shares of the Company, and the ratification of the Kelly Options.

Subject to approval of the Option Plan Resolution as set forth in "IV. Approval of Amendment of the Corporation's Stock Option Plan" above, the Shareholders will be asked to pass a resolution at the Meeting as set out below ratifying the Kelly Options as described above (the "Option Ratification Resolution"). As the Kelly Options represent approximately 5.03% of the issued and outstanding shares on the date hereof, in accordance with Exchange requirements, disinterested shareholder approval is required with respect to the Kelly Options, with those Shares held by Mr. Kelly or his associates (understood to be Nil) abstaining from voting.

The Board recommends that Shareholders vote FOR the Option Ratification Resolution.

"BE IT RESOLVED THAT:

1. the Kelly Options be ratified, approved and confirmed; and

2. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, and, if appropriate, to deliver all documents and instruments and to do all other things as in the opinion of such director or officer as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of such action."

Unless a Shareholder directs that his or her Shares are to be voted against the Option Ratification Resolution, the management nominees named in the enclosed form of proxy will vote FOR the Ratification of the Kelly Options. A majority of the votes cast by disinterested shareholders at the Meeting, with those Shares held by Mr. Kelly or his associates abstaining from voting, shall be required to approve the Ratification of the Kelly Options.

VI. Additional Changes to the Corporation's Stock Option Plan by Disinterested Shareholders

According to the Plan, disinterested shareholder approval is required with respect of share compensation arrangements which could result in the number of Shares reserved for issuance pursuant to stock options granted to insiders exceeding 10 percent of the outstanding issue, or the issuance of stock options to insider in excess of 10 percent of the outstanding issue within a one-year period, or the issuance of stock options to any one insider or such insider's associates in excess of 5 percent within a one-year period. Subject to the ratification of the Kelly Options, see "V. Ratification of Prior Option Award", these thresholds will be exceeded. The Board wishes to retain the flexibility to effect grants in the future which could then continue to exceed these thresholds.

Subject to approval of the Option Plan Resolution as set forth in "IV. Approval of Amendment of the Corporation's Stock Option Plan" above, the Board has resolved to further amend the Plan, subject to shareholder and regulatory approval, to delete the provisions of Section 4.13(a)(i), (ii) and (iii) of the Plan.

This resolution must be approved by a majority of the votes cast at the Meeting, other than votes attaching to securities beneficially owned by existing insiders of the Corporation. To the best of the Corporation's information, as of the Record Date, insiders own 4,505,000 Shares.

A copy of the amended Stock Option Plan is attached hereto as Schedule "B" and has been blacklined to the original Plan adopted by the Corporation on December 20, 2012 to show the proposed changes.

At the Meeting, Shareholders will be asked to pass a resolution as set out below approving and re-confirming the Amended Stock Option Plan, as amended and as described above (the "Additional Changes to the Plan Resolution").

The Board recommends that Shareholders vote FOR the Additional Changes to the Plan Resolution.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

"BE IT RESOLVED THAT:

1. the Corporation's Amended and Restated Stock Option Plan (the "**Plan**"), as amended, be approved and confirmed and that Section 4.13(a)(i), (ii) and (iii) of the Plan be deleted.

2. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, and, if appropriate, deliver all documents and instruments and to do all other things as in the opinion of such director or officer as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of such action."

Unless a Shareholder directs that his or her Shares are to be voted against the Additional Changes to the Plan Resolution, the management nominees named in the enclosed form of proxy will vote FOR the Option Plan Resolution. A majority of the votes cast by disinterested shareholders at the Meeting, with those Shares held by insiders or their associates (understood to be 4,505,000 Shares) abstaining from voting, shall be required to approve the Additional Changes to the Plan Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

For purposes of this Statement of Executive Compensation, a named executive officer of the Corporation (an "**NEO**") means an individual who, at any time during the year, was

(a) the Corporation's chief executive officer;

(b) the Corporation's chief financial officer;

(c) each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year; and

(d) each individuals who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

The NEOs who are the subject of this Compensation Discussion and Analysis are Mario Biasini, the President and former Chief Executive Officer of the Corporation, and T. Scott Worthington, the Chief Financial Officer of the Corporation. As noted below, Mario Biasini was replaced as Chief Executive Officer of the Corporation by Peter Tassiopoulos effective March 4, 2013.

Compensation Discussion and Analysis

The Corporation does not have a formal compensation program in place other than entering into employment contracts with each NEO and paying base salaries, bonuses, expense allowances and benefits to the NEOs under the employment contracts, as well as granting stock options pursuant to the Stock Option Plan to the NEOs. The Corporation recognizes the need to provide compensation packages that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The objectives of base salary are to recognize market pay, and to acknowledge the competencies and skills of individuals. The objectives of performance bonuses are to encourage and reward performances from the NEOs which result in positive developments for the Corporation, and are tied to such events as obtaining new funding; sale of the Corporation or substantially all of its assets; obtaining regulatory certifications and approvals; filing patent applications or obtaining patents; acquiring significant manufacturing or sales opportunities; and/or obtaining grant application approvals. The objective of expense allowances such as car allowances or home office allowances is to reimburse the NEOs for the costs and expenses incurred by the NEO as a result of the positions they hold with the Corporation. The objectives of stock option grants are to award achievement of long-term financial and operating performance and to focus on key activities and achievements which are critical to the ongoing success of the Corporation.

The Corporation has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Corporation at competitive industry rates for work of a similar nature by reputable arm's length service providers.

The process for determining executive compensation relies solely on Board discussions without any formal objectives, criteria and/or analysis.

Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Corporation's securities.

Annual Base Salary

Base salary for the NEOs is determined by the Board primarily by comparison of the remuneration paid by other companies with the same size and industry and with publicly available information on remuneration.

The annual base salary paid to the NEOs shall, for the purpose of establishing appropriate increases, be reviewed annually by the Board as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase shall be in the sole discretion of the Board.

Long Term Incentive Plan (LTIP)

The Corporation does not have a formal or written LTIP in place, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Corporation's securities), was paid or distributed to the NEO during the most recently completed financial years ended December 31, 2012 and December 31, 2011. However, the Corporation provides performance bonuses in its employment contracts whereby certain officers are eligible for a base performance bonus equivalent to a percentage of their annual base salary, as calculated from time to time. The bonus is calculated in accordance with the bonus program to be determined by the Board, or any Committee which is appointed by the Board to perform these duties, and may be based on one or more of the following milestones:

- sale of the Corporation or substantially all of its assets;
- obtaining significant funding;
- acquisition of significant sales or reseller/distribution opportunities;
- acquiring regulatory certifications or approvals;
- filing patent applications.

Option-Based Award

An option-based award is in the form of grants of options pursuant to the Corporation's stock option plan. The objective of option-based awards is to reward NEOs, employees, consultants and directors for their individual performance at the discretion of the Board.

The Corporation currently maintains a stock option plan, under which stock options have been granted and may be granted to purchase Shares. The Plan is administered by the Board and the process to grant option-based awards to executive officers and others is within the discretion of the directors. All previous grants of option-based awards are taken into account when considering new grants. See "IV. Approval of Amendment of the Corporation's Stock Option Plan" and "V. Additional Changes to the Corporation's Stock Option Plan by Disinterested Shareholders".

Compensation Source	Description of Compensation	Compensation Objectives
Annual Base Salary (all NEOs)	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
Performance Bonus (all NEOs)	NEOs will be eligible for a base performance bonus equivalent to a percentage (%) of their annual base salary, as calculated from time to time. The bonus shall be calculated in accordance with the bonus program to be determined by the Board, or any Committee which is appointed by the Board to perform these duties. Bonuses will be assessed and paid on an annual basis on the following milestones: • sale of the Corporation or substantially all of its assets; • obtaining significant funding; • acquisition of significant sales or reseller/distribution opportunities; or • filing patent applications.	Encourage and reward performances from the NEOs which result in positive developments for the Corporation
Stock Options	Equity grants are made in the form of stock options. The amount of the grant will be dependent on individual and corporate performance	Retain qualified leaders, motivate strong business performance

Summary Compensation Table

The following table sets forth all compensation for services rendered in all capacities to the Corporation for the fiscal years ended December 31, 2012, 2011 and 2010 in respect of the NEOs. Except as set forth below, the Corporation had no other executive officers, or individuals acting in a similar capacity, whose total compensation during the fiscal year ended December 31, 2012 exceeded $150,000.

Name and Principal Position	Year	Salary ($) (1)	Share-based awards ($)	Option-based awards ($)(2)	Non-equity incentive plan compensation ($)	All other compensation ($)	Total compensation ($)
Peter Tassiopoulos(3) Chief Executive Officer	2012 2011 2010	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
Mario Biasini(4) President and former Chief Executive Officer	2012 2011 2010	137,292 112,383 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil)	137,292 112,383 Nil
T. Scott Worthington(5) Chief Financial Officer	2012 2011 2010	111,250 34,808 Nil	Nil Nil Nil	78,300 Nil Nil	Nil Nil Nil	Nil Nil Nil	189,250 34,808 Nil

Notes:

(1) Salary includes payments that may have been made as consulting fees.

(2) The fair value of the options issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% and (IV) an expected life of 3 years.

(3) Mr. Tassiopoulos became Chief Executive Officer as of March 4, 2013. Mr. Tassiopoulos is entitled to receive a base salary, benefits and a performance bonus payable upon the achievement of certain goals and corporate objectives. See “Termination and Change of Control Benefits”.

(4) Mario Biasini served as the Chief Executive Officer of the Corporation from October 2010 to March 2013 and has been President since October 2010.

(5) Mr. Worthington became Chief Financial Officer on December 1, 2011. From August 2011 to December 1, 2011, Mr. Worthington was a consultant to the Corporation.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the NEOs to purchase securities of the Corporation outstanding at the end of the most recently completed financial year ended December 31, 2012.

	Option-based awards				**Share-based awards**	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price** ($)	**Option expiration date**	**Value of unexercised in-the-money options**[1] ($)	**Number of shares or units of shares that have not vested** (#)	**Market or payout value of share-based awards that have not vested** ($)
T. Scott Worthington	150,000 100,000	0.85 0.85	January 16, 2022 September 19, 2022	Nil Nil	Nil 100,000	Nil Nil

Notes:

(1) Based on closing share price of $0.74 as at December 31, 2012.

(2) On March 1, 2013, Mr. Tassiopoulos was awarded 100,000 options under the Plan at an exercise price of $0.85, which options vest in equal amounts over a 12 month period from the date of grant.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to NEOs during the most recently completed financial year ended December 31, 2012.

Name	**Option-based awards – value vested during the year**[1] ($)	**Share-based awards – value vested during the year** ($)	**Non-equity incentive plan compensation – value earned during the year** ($)
T. Scott Worthington	Nil	Nil	Nil

Note:

(1) Based on closing share price of $0.74 as at December 31, 2012.

Stock Option Plan

Effective December 20, 2012, in conjunction with the Corporations Amalgamation Agreement, the shareholders of the Corporation approved a "rolling" stock option plan, which reserves for issuance up to a maximum of 10% of the issued and outstanding Shares from time to time. At the Meeting, the Shareholders will be asked to approve the adoption of a 20% fixed Stock Option Plan and to ratify the Kelly Options. Assuming approval of the Option Plan Resolution, the maximum number of shares to be issued under the Plan shall be 3,375,000.

The purpose of the Plan is to provide compensation opportunities to directors, officers, employees and consultants to align their interests with those of shareholders and to assist in attracting and retaining individuals of exceptional ability. A description of the key terms of the Plan and various proposed amendments of the Plan are set forth in "IV. Approval of Amendment of the Corporation's Stock Option Plan".

As at August 9, 2013, subject to shareholder approval of the new fixed 20% stock option plan and the ratification of the Kelly Options, there were an aggregate of 2,390,000 options to purchase Shares outstanding.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth certain information as at December 31, 2012, being the Corporation's most recently completed financial year, with respect to the Stock Option Plan under which equity securities of the Corporation are authorized for issuance.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders[(1)]	1,015,000	0.83	596,434
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	1,015,000	0.83	596,434

Note:

(1) Based on 10% rolling plan approved and adopted on December 20, 2012.

Termination and Change of Control Benefits

Pursuant to a consulting services contract dated March 1, 2013 between the Corporation and P&T Associates Inc., the Corporation retained the services of Peter Tassiopoulos as CEO. Mr. Tassiopoulos is eligible for financial bonuses, in the event the Corporation completes future non-brokered financings or other capital transactions, up to and including full divestiture of the Corporation or its assets. In the event of termination of Mr. Tassiopoulos' employment without cause, Mr. Tassiopoulos is entitled to a lump sum payment equal to 6 months' salary, if such termination is within the first twelve months of employment, and if it is thereafter, then two additional months of salary for each additional completed year of employment, to a maximum of 18 months and any unpaid expenses incurred to the date of termination.

Pursuant to an employment contract dated December 1, 2011, as amended on February 1, 2012, between the Corporation and Scott Worthington, Mr. Worthington is entitled to receive a base salary of $150,000, plus benefits and a performance bonus payable upon the achievement of certain goals and corporate objectives. In light of the Corporation's financial position, Mr. Worthington has agreed to waive a portion of his base salary and to work a reduced work week until the Corporation reaches a stronger level of operations and financial position. In the event of termination of Mr. Worthington's employment without cause, Mr. Worthington is entitled to receive a lump sum payment equal to 6 months' base salary, plus one additional month of base salary for each completed one year of employment, to a maximum of 12 months, any accrued but unused vacation pay under the Employment Standards Act (Ontario), and any unpaid expenses incurred to the date of termination.

The Corporation has not entered into an employment or other management contract with Mr. Biasini.

Director Compensation

The following table sets forth compensation information for the year ended December 31, 2012 for the directors that are not NEOs:

Name	**Fees Earned** ($)	**Share-based awards** ($)	**Option-based awards**(1) ($)	**Non-equity incentive plan compensation** ($)	**Total** ($)
Peter Ashkin(2)	Nil	Nil	Nil	Nil	Nil
Glenn Bowman(2)	Nil	Nil	Nil	Nil	Nil
Jason Meretsky (3)(4)	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Based on the closing share price of $0.74 as at December 31, 2012

(2) On January 16, 2012, Mr. Ashkin and Mr. Bowman were each awarded stock options to purchase 120,000 Common Shares at an exercise price of $0.70 per share. On September 19, 2012, with their agreement, the exercise price was amended to $0.85 per share.

(3) On January 16, 2012, Mr. Meretsky was awarded stock options to purchase 150,000 Common Shares at an exercise price of $0.70 per share. On September 19, 2012, with his agreement, the exercise price was amended to $0.85 per share.

(4) On September 19, 2012, Mr. Meretsky was awarded stock options to purchase 100,000 Common Shares at an exercise price of $0.85 per share.

(5) For the fiscal year ended December 31, 2013, the Board agreed to pay Messrs. Ashkin, Bowman and Meretsky, being non-management directors, the sum of $7,500 per quarter payable in cash or, at the option of the Corporation, in shares, and issued to each of these individuals on April 17, 2013 stock options to purchase 25,000 Common Shares 25,000 at an exercise price of $0.85 per share.

(6) The Board granted Mr. Kelly the Kelly Options effective July 15, 2013, subject to regulatory and shareholder approval. See "V. Ratification of Prior Option Award."

CORPORATE GOVERNANCE

General

National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

Board of Directors

NI 58-101, together with Section 1.4 of NI 52-110, provides that a director is "independent" if the director has no direct or indirect material relationship with the issuer, a "material relationship" being one which could, in the view of the issuer's Board, be reasonably expected to interfere with the exercise of a member's independent judgment. To facilitate independence, the Corporation is committed to the following practices:

1) to expand the Board's composition through the recruitment of strong, independent directors;

2) to adhere to the independence requirements of the Exchange and applicable securities legislation relating to the composition of the Board; and

3) to ensure that all committees of the Board are constituted of a majority of independent directors, and solely independent directors, if possible.

The Board has determined that the following individuals are independent during the year ended December 31, 2012 within the meaning of NI 58-101 and NI 52-110: Peter Ashkin, Glenn Bowman and Eric Kelly, who joined the Board as of July 15, 2013, is considered independent. During the end of fiscal 2012, Jason D. Meretsky received more than $75,000 in direct compensation from the Corporation during the prior 12 months and accordingly is not considered independent as per the definition set forth in National Instrument 52-110 - *Audit Committees*, ("**NI 52-110**"). The Board has determined that Mario Biasini and John Morelli are not independent because of their positions as officers of Sphere 3D (holding the position of President and Chief Technology Officer of the Corporation, respectively). As a result, a the Board is currently comprised of three independent directors, which satisfies the requirements of Exchange Policy 3.1 *Directors, Officer, Other insiders & Personnel and Corporate* Governance being at least two independent directors.

Directorships

The Board has a policy of reviewing directorships and committee appointments held by directors in other public companies, ensuring each director is able to fulfill his duties and that conflicts of interest are avoided. No director serves on the board of any other public company with any other director of the Corporation. The following table sets forth details regarding other public company directorships and committee appointments currently held by the Corporation's directors:

Director	Name of Reporting Issuer	Name of Exchange or Market	Position	Committee Appointments
Peter Ashkin	None			
Mario Biasini	None			
Glenn Bowman	Rockcliff Resources Inc.	TSXV		Audit
Eric Kelly	Overland Storage, Inc.	Nasdaq	Director, President & CEO	
Jason D. Meretsky	None			
John Morelli	None			

Orientation and Continuing Education

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors. When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for such new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Corporation's business. When required, the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

Measures to Encourage Ethical Business Conduct

The directors are required to abide by all relevant regulatory rules and regulations. The Board monitors compliance by requiring directors and officers to declare any conflicts of interest or any other situation that could represent a potential violation of any applicable rules and regulations. When applicable, the Board will receive reports from management regarding any allegations of unethical conduct.

Nomination of Directors

The Board as a whole is responsible for identifying and evaluating qualified candidates for nomination to the Board. In identifying candidates, the Board considers the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; the competencies and skills that each new nominee will bring to the Board; and the ability of each new nominee to devote sufficient time and resources to his or her duties as a director.

Assessment of Directors, the Board and Board Committee

The Board does not have at this time any formal policies to evaluate the effectiveness of the Board, the Audit and Compensation Committees or individual directors. The Board may appoint a special committee of directors to evaluate the Board and its committees and to assess the contribution of its individual directors and to recommend any modifications to the functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committee of directors to perform such analysis.

Board Committees

The Board has established an Audit Committee and a Compensation Committee. The Board, Audit Committee and Compensation Committee's mandate, organization, powers and responsibilities, along with other Corporate Governance documents can be found on the Corporation's website at http://www.sphere3d.com/investors-corporate-governance

Audit Committee

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which includes monitoring the quality and integrity of the Corporation's financial statements and the independence and performance of the Corporation's external auditor, acting as a liaison between the Board and the Corporation's external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management that the Board has established.

Audit Committee Charter

The Board has adopted the Audit Committee Charter which sets out the Audit Committee's mandate, organization, powers and responsibilities. The Audit Committee Charter is attached as Schedule "A" to this Circular.

Composition of the Audit Committee

The Audit Committee during the year ended December 31, 2012, consisted of the following directors: Mr. Glenn Bowman (Chair), Mr. Peter Ashkin and Mr. Jason Meretsky. Messrs. Bowman and Ashkin are independent and Mr. Meretsky was independent until towards the end of fiscal 2012 when the aggregate direct consideration received from his law firm for legal services provided to the Corporation exceeded $75,000 in the prior 12 month period as per the definition set forth in NI 52-110. Notwithstanding, the Board has determined in its reasonable judgment that Mr. Meretsky is able to exercise the impartial judgment necessary to fulfill his or her responsibilities as an Audit Committee member and the appointment of the member is required by the best interests of the Corporation and its shareholders. Each of the members of the Audit Committee are "financially literate" within the meaning of NI 52-110.

Relevant Education and Experience

Details of Messrs. Bowman, Ashkin and Meretsky's relevant Education and Experience can be found under "II. Election of Directors" of this Circular.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 that provides that the Corporation, as a venture issuer, is not required to comply with Part 5 (*Reporting Obligations*) of NI 52-110.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) thereof.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and, where applicable, the Audit Committee, on a case-by-case basis.

External Auditor Service Fees (By Category)

The following table sets forth information about the fees billed to the Corporation for professional services rendered by the current auditors of the Corporation for fiscal years 2011 and 2010, respectively:

		2012		**2011**
Audit Fees	$	20,600	$	20,085
Quarterly Review Fees	$	Nil	$	Nil
Tax Fees	$	5,665	$	1,545
All other Fees	$	19.570	$	Nil
Total:	$	45,835	$	21,630

Compensation Committee

The Compensation Committee is a standing committee of the Board, the primary function of which is to appoint and compensate the Chief Executive Officer, review the appointment and compensation of senior management, succession planning, assisting the Board in setting objectives for the Chief Executive Officer, reviewing and administering the Corporation's long-term incentive plans(s), and reviewing the Corporation's general human resources policies.

A majority of the Compensation Committee is comprised of independent directors according to the definition of "independence" set out in NI 52-110 as it applies to the Board. The Compensation Committee during the year ended December 31, 2012, consisted of the following directors: Mr. Peter Ashkin (Chair), Mr. Glenn Bowman and Mr. Jason Meretsky. Messrs. Bowman and Ashkin are independent and Mr. Meretsky was independent until towards the end of fiscal 2012 when the aggregate direct consideration received from his law firm for legal services provided to the Corporation exceeded $75,000 in the prior 12 month period as per the definition set forth in NI 52-110.

No compensation consultant or advisor was retained by the Corporation during the fiscal year ended December 31, 2012.

Corporate Governance

The Board as a whole takes responsibility for corporate governance, including, without limitation, all matters relating to the stewardship role of the Board in respect of the management of the Corporation, Board size and composition including the identification of new nominees to the Board and leading the candidate selection process, and orientation of new members, Board compensation and such procedures as may be necessary to allow the Board to function independently of management.

The Board, under the direction of the Chairman annually reviews and assesses the effectiveness of the Board as a whole, the membership of the Board committees, the mandates and activities of each committee and the contribution of individual directors and will make such recommendations to the Board arising out of such review as it deems appropriate.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Corporation or any associate of any such director or executive officer is or has been, at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or its subsidiaries, nor at any time since the beginning of the most recently completed financial year of the Corporation has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has directors' and officers' liability insurance for the benefit of the directors and officers of the Corporation which provides coverage in the aggregate of $5,000,000 for the year ended December 8, 2013. The deductible amount on the policy is $25,000 for each corporate reimbursement claim and $25,000 for each security claim. The total premium for the year is $15,123.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Circular, the directors of the Corporation are not aware of any material interest, direct or indirect, of any person who has been a director or officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, any proposed nominee for election as a director or any associate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers may be granted options pursuant to the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, neither the Corporation, nor any director or officer of the Corporation, nor any insider of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the commencement of the Corporation's last completed financial year, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries.

OTHER MATTERS TO BE ACTED UPON

There are no other matters to be considered at the Meeting which are known to the directors or senior officers of the Corporation at this time. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting, and other matters which may properly come before the Meeting or any adjournment thereof.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators at www.sedar.com. Financial information regarding the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders of the Corporation may contact the Corporation at 240 Matheson Blvd. East, Mississauga, ON L4Z 1X1 to request copies of the Corporation's financial statements and management's discussion and analysis.

DIRECTORS' APPROVAL

The contents and sending of this Circular have been approved by the directors of the Corporation.

DATED as of the 9th day of August, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) Eric L. Kelly

Eric L. Kelly
Chairman

Schedule "A"

Audit Committee Charter

AUDIT COMMITTEE MANDATE

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1 Purpose

The Audit Committee will assist the Board of Directors of Sphere 3D Corporation in its oversight of the integrity and reliability of the Corporation's accounting principles and practices, financial statements and other financial reporting, and disclosure principles and practices used by the Corporation's management.

The Audit Committee shall also assist the Board of Directors in its oversight of (i) the qualifications, independence and performance of the independent auditors (hereafter also referred to as the "external auditors") of the Corporation, (ii) the establishment by management of an adequate system of internal controls and procedures, (iii) the effectiveness of the internal controls and procedures, and (iv) the compliance by the Corporation with legal and regulatory requirements.

2 Composition

The Board of Directors will appoint the Audit Committee members and an Audit Committee Chair. The Audit Committee shall be composed of three members of the Board of Directors. Each Audit Committee member will be financially literate. The composition and qualifications of all Audit Committee members shall comply with all applicable legal and regulatory requirements and will be kept current as regulations evolve.

3 Meetings

The Audit Committee will meet at least four times per year and at least once every fiscal quarter, with authority to convene additional meetings, as circumstances require. All Audit Committee members are expected to attend each meeting, in person or via telephone conference. The Audit Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and executive sessions. The Audit Committee may meet privately with any single member of management or any combination of members of management, as it deems appropriate. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

4 Duties and Responsibilities

4.1 Financial Reporting

4.1.1 Review with management and the external auditors any items of concern, any proposed changes in the selection or application of major accounting policies and the reasons for the change, any identified risks and uncertainties, and any issues requiring management judgment, to the extent that the foregoing may be material to financial reporting.

4.1.2 Consider any matter required to be communicated to the Audit Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the external auditors' report to the Audit Committee (and management's response thereto) on: (i) all critical accounting policies and practices used by the Corporation; (ii) all material alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the external auditors; and (iii) any other material written communications between the external auditors and management.

4.1.3 Require the external auditors to present and discuss with the Audit Committee their views about the quality, not just the acceptability, of the implementation of generally accepted accounting principles with particular focus on accounting estimates and judgments made by management and their selection of accounting principles.

4.1.4 Discuss with management and the external auditors (i) any accounting adjustments that were noted or proposed (i.e., immaterial or otherwise) by the external auditors but were not reflected in the financial statements; (ii) any material correcting adjustments that were identified by the external auditors in accordance with generally accepted accounting principles or applicable law; (iii) any communication reflecting a difference of opinion between the audit team and the external auditors' national office on material auditing or accounting issues raised by the engagement; and (iv) any "management" or "internal control" letter issued, or proposed to be issued, by the external auditors to the Corporation.

4.1.5 Discuss with management and the external auditors any significant financial reporting issues considered during the fiscal period and the method of resolution. Resolve disagreements between management and the external auditors regarding financial reporting.

4.1.6 Review with management and the external auditors (i) any off-balance sheet financing mechanisms being used by the Corporation and their effect on the Corporation's financial statements; and (ii) the effect of regulatory and accounting initiatives on the Corporation's financial statements, including the potential impact of proposed initiatives.

4.1.7 Review with management and the external auditors and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed or reflected in the financial statements.

4.1.8 Review with the external auditors any audit problems or difficulties experienced by the external auditors in performing the audit, including any restrictions or limitations imposed by management, and management's response. Resolve any disagreements between management and the external auditors regarding these matters.

4.1.9 Review the results of the external auditors' audit work including findings and recommendations, management's response, and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.

4.1.10 Review and discuss with management and the external auditors the audited annual financial statements and related management's discussion and analysis, make recommendations to the Board with respect to approval thereof, before being released to the public, and obtain an explanation from management of all significant variances between comparable reporting periods.

4.1.11 Review and discuss with management and the external auditors all interim unaudited financial statements and quarterly reports and related interim management's discussion and analysis and make recommendations to the Board with respect to the approval thereof, before being released to the public.

4.1.12 Review all earnings press releases. Discuss the type and presentation to be included in earnings releases (paying particular attention to any use of *pro forma* or "adjusted" non- GAAP information).

4.1.13 Review all other press releases containing financial information based upon the

Corporation's financial statements prior to their release or earnings guidance.

4.1.14 Approve the appointment and replacement of the Chief Financial Officer and review with the Chief Financial Officer the appointment and replacement of other members of senior management who will be involved in financial reporting.

4.1.15 In conjunction with the Corporate Governance and Compensation Committee, review succession plans for the Chief Financial Officer.

4.1.16 Review the necessary information to file the Annual Information Form, if required by applicable legislation to be filed, and to distribute management information circular as required by Form 52-110F1.

4.2 Disclosure Controls, Internal Controls and Risk Management

4.2.1 Review the adequacy of the internal controls over financial reporting that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records and any special audit steps adopted in light of material control deficiencies.

4.2.2 Review the disclosure controls and procedures that have been adopted by the Corporation to confirm that:

4.2.2.1 adequate procedures are in place for the review of all other audited or unaudited financial information extracted or derived from the Corporation's financial statements which is to be contained in public disclosure documents (including without limitation, any prospectus, or other offering or public disclosure documents and financial statements requested by regulatory authorities); and

4.2.2.2 material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

4.2.3 Review periodically the Corporation's policies with respect to financial risks, including the steps taken to monitor and control such risks.

4.3 External Auditors

4.3.1 Recommend to the Board the external auditors to be nominated for appointment or reappointment by the shareholders.

4.3.2 Instruct the external auditors that:

4.3.2.1 they are ultimately accountable to the Board and the Audit Committee, as representatives of shareholders; and

4.3.2.2 they must report directly to the Audit Committee.

4.3.3 Confirm that the external auditors have direct and open communication with the Audit Committee and that the external auditors meet regularly with the Audit Committee without management present to discuss any matters that the Audit Committee or the external auditors believe should be discussed privately.

4.3.4 Evaluate the external auditors' qualifications, performance, and independence and report its conclusions to the Board. As part of that evaluation, the Audit Committee will:

4.3.4.1 at least annually, request and review a formal report by the external auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the external auditors and the Corporation, including the amount of fees received by the external auditors for the audit services and for various types of non-audit services for the periods prescribed by applicable law;

4.3.4.2 annually review and confirm with management and the external auditors the independence of the external auditors, including the extent of non-audit services and fees, the extent to which the compensation of the audit partners of the external auditors is based upon selling non-audit services, the timing and process for implementing the rotation of the lead audit partner, reviewing partner and other partners providing audit services for the Corporation, whether there should be a regular rotation of the audit firm itself, and whether there has been a

"cooling off" period of one year for any former employees of the external auditors who are now employees with a financial oversight role, in order to assure compliance with applicable law on such matters; and

4.3.4.3 annually review and evaluate senior members of the external audit team, including their expertise and qualifications, taking into account the opinions of management and the internal auditor.

4.3.5 Review and approve the Corporation's policies for hiring employees and former employees of the external auditors. Such policies should include, at minimum, a one-year hiring "cooling off" period.

4.3.6 Meet with the external auditors to review and approve the annual audit plan of the

Corporation's financial statements prior to the annual audit being undertaken by the external auditors, including reviewing the year-to-year co-ordination of the audit plan and the planning, staffing and extent of the scope of the annual audit. This review should include an explanation from the external auditors of the factors considered by the external auditors in determining their audit scope, including major risk factors. The external auditors will report to the Audit Committee all significant changes to the approved audit plan.

4.3.7 Review and recommend to the Board the basis and amount of the external auditors' fees with respect to the annual audit in light of all relevant matters.

4.3.8 Review and pre-approve all non-audit service engagement fees and terms in accordance with applicable law, including those provided to the subsidiaries of the Corporation by the external auditors or any other person in its capacity as external auditors of such subsidiary. The Audit Committee may delegate this responsibility to one or more members who will present the pre-approvals to the full Audit Committee at its next scheduled meeting. If desired, the Audit Committee may establish specific policies and procedures for the engagement of the external auditors to perform non-audit services, provided that (i) the pre-approval policies and procedures are detailed as to the particular service to be provided; (ii) the Audit Committee's responsibilities are not delegated to management; and (iii) the Audit Committee is informed of each non-audit service for which the external auditors are engaged. Between scheduled Audit Committee meetings, the Chair of the Audit Committee, on behalf of the Audit Committee, is authorized to pre-approve any audit or non-audit service engagement fees and terms. At the next Audit Committee meeting, the Chair of the Audit Committee will report to the Audit Committee any such pre-approval given.

4.4 Compliance

4.4.1 Monitor compliance by the Corporation with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the directors of the Corporation personally liable.

4.4.2 Obtain regular updates from management regarding compliance with laws and regulations and the process in place to monitor such compliance.

4.4.3 Review, with corporate counsel where required, any litigation, claims, tax assessments, transactions, material inquiries from regulators and government agencies or other contingencies which may have a material impact on financial results or which may otherwise affect the financial well-being of the Corporation the findings of any examination by regulatory authorities and any external auditors' observations relating to such matters.

4.4.4 Establish and oversee the procedures in a Code of Ethics Policy to address:

4.4.4.1 the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

4.4.4.2 the confidential, anonymous submission by employees of concerns regarding such matters.

4.4.5 Receive periodically a summary report from the Corporate Secretary on such matters as required by any Code of Ethics Policy.

4.4.6 Monitor related party transactions and confirm that any political and charitable donations conform to policies and budgets approved by the Board.

4.4.7 Monitor management of hedging, insurance, debt and credit, and make recommendations to the Board respecting policies for management of such risks, and review the

Corporation's compliance therewith.

4.4.8 Review on an annual basis the expenses submitted for reimbursement by the Chief Executive Officer.

5 Matters for which the Audit Committee is not responsible

The Audit Committee is not responsible for those matters which are the responsibility of management or the external auditors including, without limitation:

5.1 planning and conducting the external audit;

5.2 ensuring that the financial statements of the Company have been prepared in accordance with generally accepted accounting principles;

5.3 ensuring that the financial statements of the Company and the other financial information of the Company contained in regulatory filings and other public disclosure of the Company fairly present in all material respects the financial condition, results of operations and cash flows of the Company;

5.4 ensuring the adequacy of the internal control over financial reporting structure and the financial risk management systems of the Company; and

5.5 ensuring compliance with applicable laws and regulations.

6 Reporting

The Audit Committee will regularly report to the Board on:

6.1 The independence of the external auditors.

6.2 The performance of the external auditors and the Audit Committee's recommendations regarding its re-appointment or termination.

6.3 The adequacy of the Corporation's internal controls over financial reporting and disclosure controls.

6.4 Its recommendations regarding the annual and interim financial statements of the Corporation, including any issues with respect to the quality or integrity of the financial statements.

6.5 Its review of the annual and interim management's discussion and analysis.

6.6 The Corporation's compliance with legal and regulatory requirements related to financial reporting.

6.7 All other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

7 Minutes

Minutes will be kept of each meeting of the Audit Committee and will be available to each member of the Board. Any action of the Audit Committee (other than actions for which the Audit Committee has sole authority as set forth herein) shall be subject to revision, modification, rescission, or alteration by the Board.

8 Review and Evaluation

The Audit Committee will annually review and evaluate the adequacy of its mandate and recommend any proposed changes to the Corporate Governance and Compensation Committee. The Audit Committee will participate in an annual performance evaluation by the Corporate Governance and Compensation Committee, the results of which will be reviewed by the Board.

9 Chair

Each year, the Board will appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair of the Audit Committee, the incumbent Chair of the Audit Committee will continue in office until a successor is appointed.

10 Removal and Vacancies

Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee upon ceasing to be a director. The Board may fill vacancies on the Audit Committee by appointment from among its members. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum (at least two committee members) remains in office. Subject to the foregoing, each member of the Audit Committee shall remain as such until the next annual meeting of shareholders after that member's election.

11 Access to Outside Advisors

The Audit Committee may, without seeking approval of the Board or management, select, retain, terminate, set and approve the fees and other retention terms of any outside advisor, as it, acting reasonably, deems appropriate. The Corporation will provide for appropriate funding, for payment of compensation to any such advisors, and for ordinary administrative expenses of the Audit Committee.

12 Definitions

Legal terms used in this Mandate have the meanings attributed to them below. Terms not otherwise defined herein have the meanings attributed to them in Multilateral Instrument 52-110, as amended from time to time.

"**Financially Literate**" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

"**Independent Director**" means a director who has no direct or indirect material relationship with the Corporation. For this purpose, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. Despite the foregoing, the following individuals are considered to have a material relationship with the Corporation:

- An individual who is, or has been, an employee or executive officer of the Corporation, unless three years have elapsed since the end of the service or employment.

- An individual whose immediate family member is, or has been, an executive officer of the Corporation unless three years have elapsed since the end of the service or employment.

- An individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Corporation unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended.

- An individual whose immediate family member is, or has been, an affiliated entity of, or employed in a professional capacity by, a current or former internal or external auditor of the Corporation unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended.

- An individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Corporation's current executive officers serve on the entity's Compensation Committee unless three years have elapsed since the end of the service or employment.

- An individual who:

  - has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or

  - receives, or whose immediate family member receives, more than $75,000 per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee, unless three years have elapsed since he or she ceased to receive more than $75,000 per year in such compensation.

- An individual who is an affiliated entity of the Corporation or any of its subsidiary entities.

Schedule "B"
Amended and Restated Stock Option Plan

SPHERE 3D CORPORATION

AMENDED AND RESTATED STOCK OPTION PLAN

SEPTEMBER 16, 2013

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SPHERE 3D CORPORATION

AMENDED AND RESTATED STOCK OPTION PLAN

1. PURPOSE

1.1 Purpose

The purpose of the Plan is to advance the interests of the Corporation by attracting, retaining and motivating persons as directors, officers, key employees and consultants of the Corporation and its Affiliated Corporations and providing them with a greater incentive to develop and promote the growth and success of the Corporation by granting to them options to purchase shares in the capital of the Corporation.

2. INTERPRETATION

2.1 Definitions

For the purposes of the Plan, unless they are otherwise defined elsewhere herein, the following terms have the following meanings, respectively:

(a) "**Affiliate**" has the meaning set forth in the *Securities Act* (Ontario), as amended from time to time;

(b) "**Affiliated Corporation**" is a corporation which is an "affiliate" (as such term is defined in the *Securities Act* (Ontario), as amended from time to time) of the Corporation;

(c) "**Applicable Law**" means the requirements relating to the administration of stock option plans under the applicable corporate and securities laws of Ontario and Canada, any stock exchange or quotation system on which the Shares are listed or quoted and the applicable laws of any foreign country or jurisdiction which apply to Options granted under the Plan;

(d) "**Board**" means the board of directors of the Corporation;

(e) "**Business Day**" means a day that is not a Saturday, a Sunday or a statutory or legal holiday in Toronto, Ontario;

(f) "**Cause**" means any act or omission by the Optionee which would in law permit an employer to, without notice or payment in lieu of notice, terminate the Optionee's employment or services, and shall include, without limitation, the meaning attributed thereto in the employment agreement or consulting agreement, as may be applicable, of such Optionee;

(g) "**Committee**" has the meaning set forth in subsection 3.1(c) hereof;

(h) **"Consultant Optionee"** means an individual, other than an Employee Optionee or an Executive Optionee, that: (i) is engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Corporation or to an Affiliated Corporation under a written contract between the Corporation or the Affiliated Corporation and the individual or a consultant company or consultant partnership of the individual; and (ii) in the Corporation's reasonable opinion, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or that of an Affiliated Corporation; and shall include, other than for the purposes of Sections 4.~~10~~9, 4.~~12~~11 and 4.~~13~~12, any registered retirement savings plans or registered retirement income funds established by or for the individual consultant (or under which the individual consultant is a beneficiary); for purposes of this paragraph, "**consultant company**" means, for an individual consultant, a company of which the individual consultant is an employee or shareholder and "**consultant partnership**" means, for an individual consultant, a partnership of which the individual consultant is an employee or partner;

(i) “**Corporation**” means Sphere 3D Corporation and includes any successor corporation thereto;

(j) **“Date of Grant”** means, for any Option, the date specified by the Board at the time it grants the Option or, if no such date is specified, the date upon which the Option was granted;

(k) “**Disability**” means the mental or physical state of the Optionee such that, as a result of illness, disease, mental or physical disability or similar cause, the Optionee has been unable to fulfil his or her obligations as an employee or consultant of the Corporation or an Affiliated Corporation either for any consecutive six-month period or for any period of nine months (whether or not consecutive) in any consecutive 12-month period, provided that, where the Optionee has entered into a written employment or consulting agreement with the Corporation or an Affiliated Corporation, “**Disability**” will have the meaning attributed to that term, or the term equivalent in concept, contained in that employment or consulting agreement;

(l) “**Disinterested Shareholder Approval**” means approval by a majority of the votes cast by all the Corporation’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Shares beneficially owned by Insiders who are service providers or their associates;

(m) “**Eligible Person**” means a Consultant Optionee, Employee Optionee or Executive Optionee;

(n) “**Eligible Transferee**” means, in respect of a particular Optionee, such of the following as have specifically been designated by the Board as an Eligible Transferee of such Optionee: (i) a registered retirement savings plan or a registered retirement investment fund, of which the Optionee is the beneficiary; (ii) the spouse, child, or grandchild of the Optionee; (ii) a Holding Company; and (iv) a trust, the beneficiaries of which are the Optionee and/or the spouse, children, grandchildren or and/or other direct lineal descendants of the Optionee;

(o) **“Employee Optionee”** means a current full-time or part-time employee or contract employee of the Corporation or of an Affiliated Corporation and shall include, other than for the purposes of Sections 4.~~10~~9, 4.~~12~~11 and 4.~~13~~12, any registered retirement savings plans or registered income funds established by or for the employee (or under which such employee is the beneficiary) and a Holding Company of such individual;

(p) “**Exchange**” means the stock exchange or quotation system and, where the context permits, includes all other stock exchanges and quotation systems designated by the Board, on which the Shares are or may be listed or quoted from time to time (provided that if, for the purposes of the Plan it is necessary to have reference to a single Exchange, then such Exchange shall be any stock exchange or quotation system on which the Shares are then listed or quoted as designated by the Board);

(q) **“Executive Optionee”** means a current director or an officer of the Corporation or of an Affiliated Corporation and shall include, other than for the purposes of Sections 4.~~10~~9, 4.~~12~~11 and 4.~~13~~12, any registered retirement savings plans or registered retirement income funds established by or for the individual director or officer (or under which such director or officer is the beneficiary) and a Holding Company of such individual;

(r) “**Exercise Price**” has the meaning set forth in Section 4.2 hereof;

(s) “**Fair Market Value**” means, at any date in respect of Shares,

(i) in the event such Shares are not listed or quoted for trading on any stock exchange or quotation system, an amount, determined by the Board in its sole discretion, to be reflective of the cash price which would be obtained as at the relevant date if the Shares which are the subject of a transaction of purchase and sale were sold without compulsion to a willing and knowledgeable purchaser acting at arm’s length (as such term is defined in the *Income Tax Act* (Canada)); or

(ii) the closing price of such Shares on the Exchange on the last Business Day preceding such date (or, if the Board expressly provides in respect of a particular designation, such closing price on such date). In the event that such Shares did not trade on such Business Day, the Fair Market Value shall be the average of the bid and ask prices in respect of such Shares at the close of trading on such date or such other price determined by the Board, acting reasonably;

(t) “**Holding Company**” means a corporation wholly-owned and controlled by an Optionee;

(u) “**Insider**” has the meaning set forth in the *Securities Act* (Ontario), as amended from time to time;

(v) **"IPO"** means an event in which, upon the completion thereof, the Corporation shall be become a Public Company;

(w)(v) "**Option**" means a right granted to an Eligible Person to purchase Shares on the terms of the Plan;

(x)(w) **"Optionee"** means the Eligible Person to whom an Option has been granted and includes, other than for the purposes of Sections 4.109, 4.1211 and 4.1312 hereof, any Eligible Transferee to whom an Optionee has transferred an Option in accordance with the terms of the Plan;

(y)(x) "**Option Agreement**" has the meaning set forth in Section 4.5 hereof;

(z)(y) "**Outstanding Shares**" means at the relevant time, the number of issued and outstanding Shares of the Corporation from time to time;

(aa)(z) "**Person**" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association or organization, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

(bb)(aa) "**Plan**" means this stock option plan of the Corporation (as the same may be amended or varied from time to time);

(cc)(bb) "**Public Company**" means a corporation, any portion of the shares of which is freely tradeable to and between members of the public without the requirement of filing a prospectus or similar document and the shares of which are traded on a published market (being any market on which shares are traded or quoted for trading if the prices at which they have been traded or quoted on that market are regularly published in a newspaper or business or financial publication of general and regular paid circulation);

(dd)(cc) **"Retirement"** means retirement from active employment with the Corporation or an Affiliated Corporation at or after the age of 65 or, with the consent for the purposes of the Plan of such officer of the Corporation or an Affiliated Corporation as may be designated by the Board, at or after such earlier age and upon the completion of such years of service as the Board may specify;

(ee)(dd) "**Shares**" means the common shares in the capital of the Corporation as constituted from time to time or, in the event of an adjustment contemplated by Section 5.1 hereof, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;

(ff)(ee) **"Termination Date"** means:

(i) in the case of an Employee Optionee or Executive Optionee whose employment or term of office with the Corporation or an Affiliated Corporation, as the case may be, terminates in the circumstances set out in Sections 4.1211 or 4.1312 hereof, the date that is designated by the Corporation or an Affiliated Corporation, as the case may be, as the last day of the Optionee's employment or term of office with the Corporation or an Affiliated Corporation, as the case may be, and **"Termination Date"** specifically does not mean the date on which any period of contractual or reasonable notice that the Corporation or an Affiliated Corporation, as the case may be, may be required by contract or at law to provide to the Optionee would expire;

(ii) in the case of an Executive Optionee who received Options in his or her capacity as a director of the Corporation or an Affiliated Corporation, the date which is the earliest of (A) the date that such Executive Optionee resigns as a director of the Corporation or an Affiliated Corporation; (B) the date that such Executive Optionee is not re-elected as a director; and (C) the date that such Executive Optionee is removed from the board of directors of the Corporation or an Affiliated Corporation; and

(iii) in the case of a Consultant Optionee whose consulting agreement or arrangement with the Corporation or an Affiliated Corporation, as the case may be, terminates in the circumstances set out in Sections 4.~~12~~11 or 4.~~13~~12 hereof, the date that is designated by the Corporation or an Affiliated Corporation, as the case may be, as the date on which the Optionee's consulting agreement or arrangement is terminated, and **"Termination Date"** specifically does not mean the date on which any period of notice of termination that the Corporation or an Affiliated Corporation, as the case may be, may be required to provide to the Optionee under the terms of the consulting agreement or arrangement would expire;

or such later date as may be determined by the Board in the case of Options granted to a specific Optionee;

~~(gg)~~(ff) "**Transfer**" includes any sale, exchange, assignment, gift, bequest, disposition, hypothecation, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and the words **"Transferred"**, **"Transferring"** and similar words have corresponding meanings; and

~~(hh)~~(gg) "**Vesting Schedule**" has the meaning set forth in Section 4.4 hereof.

2.2 Interpretation

(a) Whenever the Board or, where applicable, the Committee is to exercise discretion in the administration of the terms and conditions of the Plan, the term "discretion" means the sole and absolute discretion of the Board or the Committee, as the case may be.

(b) As used herein, the terms “Article”, “Section”, “subsection” and paragraph” mean and refer to the specified Article, Section, subsection and paragraph hereof, respectively.

(c) Words importing the singular number only include the plural and vice versa, and words indicating gender include all genders.

(d) In the Plan, a Person is considered to be “controlled” by a Person if:

(i) in the case of a corporation or similar entity,

(A) voting securities of the first-mentioned Person carrying more than 50% of the votes ordinarily exercisable at meetings of shareholders of the corporation are held, otherwise than by way of security only, by or for the benefit of the other Person; and

(B) the votes carried by such securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned Person;

(ii) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned Person holds more than 50% of the interests in the partnership; or

(iii) in the case of a limited partnership, the general partner is the second- mentioned Person.

3. ADMINISTRATION

3.1 Administration

(a) If any of the Shares are listed or quoted for trading on the Exchange, the Plan shall be administered by the Board in accordance with the rules and policies of the Exchange in respect of employee stock option plans. The Board shall receive recommendations of management and shall determine and designate from time to time those Eligible Persons to whom an Option should be granted, the number of Shares which will be optioned from time to time to any Eligible Person and the terms and conditions of the Option.

(b) Subject to Applicable Law, subsection 3.1(c) hereof and the limitations of the Plan, the Plan will be administered by the Board and the Board has the sole and complete authority, in its discretion, to:

(i) grant Options to Eligible Persons;

(ii) determine the terms, limitations, restrictions and conditions upon such grants;

(iii) interpret and construe the terms and conditions of the Plan and the Options;

(iv) adopt, amend and rescind such administrative guidelines and other rules relating to the Plan as the Board may from time to time deem advisable; and

(v) make all other determinations and to take all other actions in connection with the implementation and administration of the Plan as the Board may deem necessary or advisable.

The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for Persons who are residing in, or subject to, the taxes of, any jurisdiction outside of Canada (including, without limitation, countries, states, provinces and localities) to comply with applicable tax, and securities and other laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax, securities and other laws of such jurisdiction outside of Canada.

Any decision, interpretation or other action made or taken in good faith by or at the direction of the Corporation, the Board or the Committee or any of its members arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Corporation, Optionees and their respective heirs, executors, administrators, successors and permitted assigns.

The Board's interpretation, construction or determination of its guidelines and rules will be conclusive and binding upon all parties concerned. The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation or of an Affiliated Corporation as the Board may in its sole discretion determine.

(c) To the extent permitted by Applicable Law, the Board may, from time to time, delegate to a committee (the "**Committee**") of the Board all or any of the powers conferred on the Board under the Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of the Plan in this context is final and conclusive. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the by-laws of the Corporation, at such times and places as it shall deem advisable; including, without limitation, by telephone conference or by written consent to the extent permitted by Applicable Law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the by-laws of the Corporation shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.2 Shares Reserved

(a) Options may be granted in respect of authorized and unissued Shares. Subject to any change by the Board in its sole and absolute discretion, Applicable Law and any shareholder or other approval which may be required, and subject further to any adjustments pursuant to section 5.1, the maximum aggregate number of Shares which may be reserved by the Corporation for issuance under the Plan ~~at any time will be~~ shall not exceed 3,375,000 or such ~~"rolling"~~ greater number of Shares as ~~is equal to a maximum of 10% of~~ may be determined by the ~~aggregate number of issued~~ Board and ~~outstanding Shares~~ approved by the Exchange and, if required, by the shareholders of the Corporation, from time to time.

(b) Any Shares subject to an Option which has been granted under the Plan and which is ~~exercised, or~~ cancelled or terminated for any reason without having been exercised will be added back to the number of Shares reserved for issuance under the Plan and such Shares will again be available for grant under the Plan. No fractional Shares may be issued, and the Board may determine the manner in which any fractional Share value will be treated.

3.3 Eligibility

Participation in the Plan shall be limited to Eligible Persons. Participation shall be voluntary and the extent to which any Eligible Person shall be entitled to participate in the Plan shall be, subject to the terms of the Plan and Applicable Law, determined in the sole and absolute discretion of the Board. Eligibility to participate does not confer upon any Optionee any right to be granted Options pursuant to the Plan.

4. OPTIONS

4.1 Grants

(a) The Board may, from time to time, subject to the provisions of the Plan and such other terms and conditions as the Board may prescribe, grant Options to any Eligible Person.

(b) Subject to the Plan, the Board may impose limitations, restrictions and conditions, in addition to those set out in the Plan, that are applicable to the exercise of an Option, including, without limitation, the nature and duration of any restrictions applicable to a sale or other disposition of Shares acquired upon exercise of an Option and the nature of events, if any, that may cause any Optionee's rights in respect of Shares acquired upon exercise of an Option to be forfeited and the duration of the period of such forfeiture.

(c) An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.

4.2 Exercise Price

Subject to Applicable Law and to adjustment from time to time in accordance with Section 5.1 hereof, the exercise price (the "**Exercise Price**") of an Option granted pursuant to the Plan will be as determined by the Board at such time as such Option is allocated under the Plan but in any event shall not be less than the Fair Market Value.

4.3 Term of Options

Subject to any accelerated termination as set forth in the Plan, Options must expire no later than ten (10) years after the Date of Grant or such lesser period as applicable regulatory authorities or Applicable Law may require.

4.4 Vesting of Options

(a) The Board may determine, in its sole discretion, in respect of an Option, when an Option will become exercisable and the extent to which an Option will vest or will be exercisable in instalments (the **"Vesting Schedule"**) and such Vesting Schedule shall be set forth in the applicable Option Agreement. For example, the Board may, in its sole discretion, provide that the vesting of an Option be dependent on the passage of time and/or on the achievement of specified milestones or thresholds. Options will generally vest and therefore be exercisable as to one-third of the Shares under such Option on each of the first, second and third year anniversary of the Date of Grant of the Option. The Board may accelerate the date upon which an Option or any instalment thereof becomes exercisable.

(b) Once a portion of an Option vests and becomes exercisable, it shall remain exercisable until expiration or termination of such Option in accordance with, among other sections, Section 4.6, unless otherwise specified by the Board in connection with the grant of such Option.

4.5 Option Agreements

Each Option must be confirmed by an agreement (an "**Option Agreement**"), in the form of the option agreement attached hereto as **Exhibit "A"** (as may be amended by the Board from time to time, and with such changes thereto as may be necessary for any particular Option to a particular Optionee), signed by the Corporation and by the Optionee. In the event an Option is Transferred in accordance with the terms of the Plan, it shall be a condition to the effectiveness of such Transfer that the Eligible Transferee enter into an Option Agreement on the same terms and conditions.

4.6 Exercise of Option

(a) Each Option grant or any part thereof may be exercised at any time or from time to time, in whole or in part, for up to the total number of Shares with respect to which it is then exercisable.

(b) In order to exercise an Option, an Optionee shall deliver to the Corporation at its registered office (or other office designated in writing by the Corporation to the Optionee), a completed Notice of Exercise substantially in the form attached hereto as **Exhibit "B"**. Such notice shall specify the number of Shares the Optionee desires to purchase and shall be accompanied by payment in full of the Exercise Price for such Shares. Subject to the provisions of the immediately following sentence, payment may be made by bank draft or certified cheque payable to the order of the Corporation at the time of exercise. Upon receipt of payment in full, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable.

~~**4.7 Deposit of Share Certificates with Corporation**~~

~~While the Corporation is not a Public Company, any certificate evidencing a Share purchased by an Optionee upon the exercise of an Option will be held by the Corporation on behalf of the Optionee. By the exercise of an Option, the Optionee shall be deemed to have irrevocably appointed the Secretary of the Corporation (or failing him, any other officer of the Corporation designated by it) his attorney to endorse in blank for transfer any certificates issued by the Corporation representing any Shares issued on the exercise of an Option. The Shares will not be, and cannot be required to be, unless the Board determines otherwise, released to the Optionee until the Corporation is a Public Company.~~

~~4.8~~4.7 Misconduct of Optionee

In the event that the Board determines in good faith that an Optionee has:

(i) used for profit or materially harmed the Corporation by disclosing to unauthorized Persons confidential information or trade secrets of the Corporation;

(ii) materially breached any contract with or materially violated any fiduciary obligation to the Corporation or become involved with a competitor of the Corporation; or

(iii) engaged in any illegal insider trading or other unlawful activity in relation to the Corporation;

then, effective as of the date notice of such misconduct is given by the Corporation to such Optionee, any further rights to exercise the Options granted to such Optionee shall be forfeited, unless the Board shall determine otherwise.

~~4.9~~4.8 Prohibition on Transfer of Options and Shares

(a) Subject to the other provisions of this Section 4.~~09~~8 and Section 4.~~10~~9, an Option is personal to the Optionee and is non-assignable, other than by will or laws of descent and distribution, and such Option shall be exercisable during the Optionee's lifetime only by the Optionee to which such Option has been granted. No Optionee may deal with any Option or any interest in it or Transfer any Option now or hereafter held by the Optionee except in accordance with the Plan. If an Optionee's Holding Company ceases to be wholly-owned by the Optionee, the Holding Company will be deemed to have Transferred any Options held by such Holding Company to the Optionee. A purported Transfer of any Option in violation of the Plan will not be valid and the Corporation will not be required to issue any Shares upon the attempted exercise of an improperly Transferred Option. Nothing contained herein shall permit any Optionee to transfer any Option, whether to an Eligible Transferee or otherwise, without the prior written consent of the Board. Subject to Applicable Law and subject to the prior written consent of the Board, an Option may be transferred to and from the Optionee and an Eligible Transferee provided that the transferor delivers to the Corporation at its registered office a completed Notice of Transfer substantially in the form attached hereto as **"Exhibit C"**.

(b) Options and Shares issued upon exercise thereof are subject to transfer and resale restrictions pursuant to the constating documents of the Corporation, any existing shareholders agreement and Applicable Law. The Optionee is responsible for obtaining such legal advice as may be appropriate in connection with any transfer or resale of Options and Shares issued upon the exercise thereof.

~~4.10~~4.9 Death, Disability or Retirement of Optionee

If,

(a) an Employee Optionee or an Executive Optionee dies or becomes Disabled while an employee, director or officer of the Corporation or an Affiliated Corporation, as the case may be;

(b) a Consultant Optionee's consulting agreement or arrangement with the Corporation or an Affiliated Corporation, as the case may be, is terminated by reason of the death or Disability of such Optionee; or

(c) the employment or term of office of an Employee Optionee or an Executive Optionee with the Corporation or an Affiliated Corporation, as the case may be, terminates due to Retirement,

then

(d) the executor, administrator or other legal representative of such Optionee's estate or such Optionee, as the case may be, may exercise any Options granted to such Optionee to the extent that such Options were exercisable at the date of such death, Disability or Retirement and the right to exercise such Options shall terminate on the earlier of:

(i) the date that is 180 days from the date of such Optionee's death, Disability or Retirement; and

(ii) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be,

provided that any Options granted to such Optionee that were not exercisable at the date of the death, Disability or Retirement shall immediately expire and be cancelled on such date; and

(e) such Optionee's eligibility to receive further grants of Options under the Plan shall cease as of the date of such Optionee's death, Disability or Retirement, as the case may be.

~~4.11~~4.10 Termination of Employment or Services by ~~reason~~Reason other than Death, Disability or Retirement

(a) Where, in the case of an Employee Optionee or Executive Optionee, an

Optionee's employment or term of office with the Corporation or an Affiliated Company ceases by reason of the Optionee's death, Disability or Retirement, then the provisions of Section 4.~~10~~9 hereof shall apply.

(b) Where, in the case of an Employee Optionee or Executive Optionee, an

Optionee's employment or term of office with the Corporation or an Affiliated Corporation terminates by reason of:

(i) termination by the Corporation or an Affiliated Corporation without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice);

(ii) voluntary resignation by such Optionee; or

(iii) in the case of an Executive Optionee who received Options in his or her capacity as a director of the Corporation or an Affiliated Corporation, the failure of such Executive Optionee to be re-elected as a director or the removal of such Executive Optionee from the board of directors of the Corporation or an Affiliated Corporation,

then any Options granted to such Optionee that are exercisable at the Termination Date shall continue to be exercisable until the earlier of: (A) the date that is 90 days following the Termination Date~~;~~ (which date may be extended by the Board at any time prior to the Termination Date to the date that is 12 months following the Termination Date); and (B) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be. Any Options granted to such Optionee that are not exercisable at the Termination Date shall immediately expire and be cancelled on the Termination Date.

(c) Where, in the case of an Employee Optionee or Executive Optionee, such

Optionee's employment or term of office with the Corporation or an Affiliated

Corporation is terminated by the Corporation or an Affiliated Corporation for Cause, then any Options granted to such Optionee, whether or not exercisable at the Termination Date, shall immediately expire and be cancelled on the Termination Date contemporaneously with such termination.

(d) Where, in the case of a Consultant Optionee, such Optionee's consulting agreement or arrangement terminates by reason of:

(i) termination by the Corporation or an Affiliated Corporation for any reason other than for material breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in such Optionee's consulting agreement or arrangement); or

(ii) voluntary termination by such Optionee,

then any Options granted to such Optionee that are exercisable at the Termination Date shall continue to be exercisable until the earlier of: (A) the date that is ~~60~~90 days following the Termination Date~~;~~ (which date may be extended by the Board at any time prior to the Termination Date to the date that is 12 months following the Termination Date); and (B) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be. Any Options granted to such Optionee that are not exercisable at the Termination Date shall immediately expire and be cancelled on such date.

(e) Where, in the case of a Consultant Optionee, such Optionee's consulting agreement or arrangement is terminated by the Corporation or an Affiliated Corporation for material breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in such Optionee's consulting agreement or arrangement), then any Options granted to such Optionee, whether or not such Options are exercisable at the Termination Date, shall immediately expire and be cancelled on the Termination Date contemporaneously with such termination.

(f) Unless the Board, in its discretion, otherwise determines at any time and from time to time, Options shall not be affected by any change of employment or consulting arrangement within or among the Corporation or an Affiliated Corporation for so long as an Employee Optionee continues to be an employee of the Corporation or an Affiliated Corporation, or for so long as the Executive Optionee continues to be a director or officer of the Corporation or an Affiliated Corporation, or for so long as the Consultant Optionee continues to be engaged as a consultant to the Corporation or an Affiliated Corporation, as the case may be. For greater certainty, if an Optionee ceases to be an Executive Optionee but remains an Employee Optionee, the Options granted to such Optionee shall not be affected by such change.

4.11 Change of Control

Notwithstanding anything contained to the contrary in this Plan, the Board may, at the time of issuance of the Option or at any time prior to the exercise of the Option, amend the Option to provide that in the event that:

(a) the Corporation accepts an offer to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or in the event that holders of greater than 50% of the Corporation's outstanding Shares accept an offer made to all or substantially all of the holders of the Shares of the Corporation to purchase in excess of 50.1% of the current issued and outstanding Shares, or

(b) the sale by the Corporation of all or substantially all of the assets of the Corporation, either as an entirety or substantially as an entirety, so that the Corporation shall cease to operate as an active business,

then all of the unvested Options shall, without any further action on behalf of the Corporation, be automatically vested. Each Optionee shall thereafter be entitled to exercise all of such Options at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of acceptance by the Corporation of such transaction; and (ii) the close of business on the expiration date of the Option. Upon the expiration of such thirty (30) day period, all rights of the Optionee to such Options or to the exercise of same (to the extent not theretofore exercised) shall *ipso facto* terminate and have no further force or effect whatsoever.

4.12 Discretion to Permit Exercise

Notwithstanding the provisions of Sections 4.~~10~~9 and 4.~~11~~10 hereof, the Board may, in its sole discretion, at any time prior to or following the events contemplated in such Sections, permit the exercise of any or all Options held by an Optionee in the manner and on the terms authorized by the Board, provided that the Board shall not, in any case, authorize the execution of an Option pursuant to this Section beyond the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be.

4.13 ~~4.13~~ Terms or Amendments Requiring Disinterested Shareholder Approval

The Corporation will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

(a) the Plan, together with all of the Corporation's other share compensation arrangements, could result at any time in:

~~(i) the aggregate number of Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares (in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares);~~

~~(ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares (in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares);~~

~~(iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of Outstanding Shares;~~

~~(iv~~(i) the issuance to any one Consultant Optionee, within a 12-month period, of a number of Common Shares exceeding 2% of Outstanding Shares;

(~~v~~ii) the issuance to all Eligible Persons providing investor relations services, within a 12-month period, of a number of Common Shares exceeding 2% of Outstanding Shares; or

(b) any reduction in the Exercise Price of an Option previously granted to an Insider.

5. GENERAL

5.1 Capital Adjustments

(a) The existence of any Options shall not affect in any way the right and power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization, or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this subsection 5.1(a) would have an adverse effect on the Plan or any Option granted hereunder.

(b) If there is any change in the outstanding Shares by reason of a stock dividend, or split, recapitalization, consolidation, combination or exchange of shares or other similar corporate change, subject to any prior approval required of applicable regulatory authorities, the Board will make appropriate substitution or adjustment in:

(i) the Exercise Price of unexercised Options;

(ii) the number or kind of shares or other securities reserved for issuance pursuant to the Plan; and

(iii) the number and kind of shares subject to unexercised Options theretofore granted and in the Exercise Price of those shares,

provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares. The determination of the Board as to any adjustment, or as to there being no need for adjustment, will be final and binding on all parties concerned.

5.2 Conditions of Exercise

The Plan and Options are subject to the requirement that if at any time the Board determines that: (a) the listing, registration or qualification of the Shares subject to such Option upon any stock exchange or quotation system or under any provincial, state or federal law, or that the consent or approval of any governmental body, stock exchange or quotation system or of the holders of the Shares generally, is necessary or desirable, as a condition of, or in connection with the granting of such Option or the issuance of Shares upon the exercise thereof; or (b) the grant of an Option or the issuance of Shares upon the exercise thereof is in conflict with or is inconsistent with Applicable Law, no such Option may be granted or exercised in whole or in part unless such listing, registration, qualification, consent or approval has been effected or obtained or such conflict or inconsistency is no longer outstanding, each free of any conditions not acceptable to the Board. The Optionees shall, to the extent applicable, co-operate with the Corporation in relation to such registration, qualification or other approval and shall have no claim or cause of action against the Corporation or any of its officers or directors as a result of any failure by the Corporation to obtain or to take any steps to obtain any such registration, qualification, or approval.

5.3 Amendment and Termination

(a) The Board may amend, suspend or terminate the Plan or any portion of it at any time in accordance with Applicable Law and subject to any required regulatory, Exchange or shareholder approval. However, subject to the terms hereof, unless consent is obtained from the Optionee affected, no amendment, suspension or termination may alter or impair any Options, or any rights related to Options, that were granted to that Optionee prior to the amendment, suspension or termination.

(b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules adopted by the Board and in force at the time of termination of the Plan will continue in effect as long as any Option remains outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to the Plan or to any outstanding Option that the Board would have been entitled to make if the Plan were still in effect.

(c) Subject to Applicable Law and to any necessary prior approval of applicable regulatory authorities and with the consent of the affected Optionee, the Board may amend or modify any outstanding Option in any manner, including, without limitation, by changing the date or dates as of which, or the price at which, an Option becomes exercisable, so long as the Board would have had the authority to grant initially the Option as so modified or amended. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Optionee.

5.4 Status as Shareholder

Optionees shall not have any rights as a shareholder with respect to Shares until:

(a) full payment of the Exercise Price for the Shares has been made to the Corporation; and

(b) the Optionee becomes a party to any existing shareholders agreement by executing and delivering to the Corporation an assumption agreement, in form and substance satisfactory to the Corporation whereby the Optionee agrees to be bound by any existing shareholders ~~agreemen~~agreement.

Upon becoming a shareholder of the Corporation, an Optionee may only transfer Shares in accordance with and subject to Applicable Law and the constating documents of the Corporation.

5.5 Withholding Taxes

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Optionee pay to the Corporation, in addition to and in the same manner as the Exercise Price for the Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Optionee for tax purposes.

5.6 Non-Exclusivity and Corporate Action

(a) Subject to any required regulatory or shareholder approval, nothing contained herein will prevent the Board from adopting other additional compensation arrangements for the benefit of any Optionee.

(b) Nothing contained in the Plan or in the Options shall be construed so as to prevent the Corporation or any subsidiary of the Corporation from taking corporate action which is deemed by the Corporation or the subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan.

5.7 Employment and Board of Directors Position Non-Contractual

The granting of an Option to an Optionee under the Plan does not confer upon the Optionee any right to continue in the employment of the Corporation or any Affiliated Corporation or as a member of the Board, as the case may be, nor does it interfere in any way with the rights of the Optionee or of the Corporation’s rights to terminate the Optionee's employment or consulting arrangements at any time or of the shareholders' right to elect one or more directors of the Corporation.

5.8 Indemnification

Every member of the Board will at all times be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such Board member may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the Board member, otherwise by the Corporation, for or in respect of any act done or omitted by the Board member in respect of the Plan, such costs, charges and expenses to include any amount paid to settle such action, suite or proceeding or in satisfaction of any judgement rendered therein.

5.9 Notices

All written notices to be delivered by the Optionee to the Corporation may be delivered personally, by facsimile or by registered mail, addressed as follows:

240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Attention: Chief Financial Officer
Facsimile: (905) 282-9966

Any notice delivered by the Optionee pursuant to the terms of the Option shall not be effective until actually received by the Corporation at the above address. Any notice to be delivered to the Optionee shall be effective when delivered personally (effective at the time of delivery), by facsimile transmission (effective one day after transmission) or by registered mail to the last address of the Optionee on the records of the Corporation (which shall be deemed effective the third Business Day after mailing).

5.10 Governing Law

This Plan is created under and is to be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

5.11 Effective Date

This Amended and Restated Stock Option Plan will become effective as of ~~December 20, 2012~~September 16, 2013 upon its adoption by resolution of the Board and approval of shareholders of the Corporation.

EXHIBIT "A"

OPTION AGREEMENT

Optionee: ______________________________________
(Name)

____

____
(Address)

Grant: ______________________________________
Maximum Number of Shares

Option Exercise Price: $____________ per Share

Date of Grant: ______________________, 20_____

Expiry Date: ______________________, 20_____

Vesting Schedule:

Instalment	Date of Vesting (Milestone)	Number of Optioned Shares Vested	Cumulative Number of Optioned Shares Vested
1			
2			
3			
4			

This Option Agreement is made under and is subject in all respects to the Amended and Restated Stock Option Plan enacted on ~~December 20, 2012~~September 16, 2013 (and as may be supplemented and amended from time to time) (the "**Plan**") of Sphere 3D Corporation (the "**Corporation**"), and the Plan is deemed to be incorporated in and to be part of this Option Agreement. The Optionee is deemed to have notice of and to be bound by all of the terms and provisions of the Plan as if the Plan was set forth in full herein (including the restrictions on transfer of the Options and the Shares issuable upon exercise thereof). In the event of any inconsistency between the terms of this Option Agreement and the Plan, the terms of this Option Agreement shall prevail. The Plan contains provisions respecting termination and/or voiding of the Plan or the Option.

This Option Agreement evidences that the Optionee named above is entitled, subject to and in accordance with the Plan, to purchase up to but not more than the maximum number of Shares set out above at the option Exercise Price set out above upon delivery of an exercise form as annexed hereto duly completed and accompanied by certified cheque or bank draft for the aggregate Exercise Price.

The Optionee hereby agrees that: (a) any rule, regulation or determination, including the interpretation by the Board of the Plan, the Option granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all Persons including the Corporation or Affiliated Corporation, as the case may be, and the Optionee; and (b) the grant of the Option does not affect in any way the right of the Corporation or any Affiliate Corporation to terminate the employment, retainer or office, as the case may be, of the Optionee.

This Option Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Option Agreement is not effective until countersigned by the Corporation and accepted by the Optionee.

Dated: ________________, 20_____

SPHERE 3D CORPORATION

By: __________________________
Name:
Title:
Authorized Signing Officer

I have read the foregoing Option Agreement and hereby accept the Option to purchase Shares in accordance with and subject to the terms and conditions of such Option Agreement and the Plan. I understand that I may review the complete Plan by contacting the Secretary of the Corporation. I agree to be bound by the terms and conditions of the Plan governing the option.

Accepted: ___________________, 20_____

____
Signature of Optionee

EXHIBIT "B"

NOTICE OF EXERCISE

To Exercise the Option, Complete and Return this Form

The undersigned Optionee (or his or her legal representative(s) permitted under the Amended and Restated Stock Option Plan enacted on ~~December 20, 2012~~September 16, 2013 (and as the same may be supplemented and amended from time to time) (the "**Plan**") of Sphere 3D Corporation hereby irrevocably elects to exercise the Option for the number of Shares as set forth below:

(a)	Number of Options to be Exercised:	________________________
(b)	Option Exercise Price per Share:	$ ________________________
(c)	Aggregate Purchase Price ***[(a) multiplied by (b)]***:	$ ________________________

and hereby tenders a certified cheque or bank draft for such aggregate Exercise Price, and directs such Shares to be issued and registered in the name of the undersigned, all subject to and in accordance with the Plan. Unless otherwise defined herein, any capitalized terms used herein shall have the meaning ascribed to such terms in the Plan.

Dated: _____________, 20____

	)	
	)	______________________________
	)	Name of Optionee
	)	
	)	
______________________________	)	______________________________
Witness to the Signature of:	)	Signature of Optionee

____
Address of Optionee

EXHIBIT "C"

NOTICE OF TRANSFER

To Request Permission to Transfer an Option, Complete and Return This Form Along with the Original Option Agreement

The undersigned Optionee (or his or her legal representative(s) permitted under the Amended and Restated Stock Option Plan enacted on ~~December 20, 2012~~September 16, 2013 (and as the same may be supplemented and amended from time to time) (the "**Plan**") of Sphere 3D Corporation hereby irrevocably requests permission to transfer the Option evidenced by the attached Option Agreement to the undersigned Person(s), each of whom the Optionee hereby certifies is an Eligible Transferee in accordance with Sections 4.5 and 4.~~09~~8 of the Plan:

Direction as to Registration:

____
Name of Registered Holder(s)

____

____
Address of Registered Holder(s)

The undersigned Optionee hereby directs such Option(s) to be registered in the name(s) of such Eligible Transferee(s). Unless they are otherwise defined herein, any defined terms used herein shall have the meaning ascribed to such terms in the Plan.

Dated: ______________, 20___

	)	
	)	
	)	
______________________________	)	______________________________
Witness to the Signature of:	)	Name of Optionee

SPHERE 3D CORPORATION
("Corporation")

FORM OF PROXY ("PROXY")

Annual and Special Meeting
September 16, 2013 at 10:00 am (Eastern)
XChange Conference Centre, 121 King Street West,
Suite 1760, Toronto, Ontario
("Meeting")

RECORD DATE:	August 7, 2013
CONTROL NUMBER:	<CONTROL NUMBER>
SEQUENCE #:	<SEQ#> - <CUSIP> - <ACCT#>
FILING DEADLINE FOR PROXY:	September 12, 2013 at 10:00 am (Eastern)

VOTING METHODS	
INTERNET	Go to www.voteproxyonline.com and enter the 12 digit control number above
FACSIMILE	(416) 595-9593
MAIL or HAND DELIVERY	EQUITY FINANCIAL TRUST COMPANY 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1

The undersigned hereby appoints **Eric Kelly, Chairman** of the Corporation, whom failing **T. Scott Worthington, Chief Financial Officer**, or failing both of them **Peter Tassiopoulos, Chief Executive Officer** ("Management Nominees"), or instead of any of them, the following Appointee

Please print appointee name

as proxyholder on behalf of the undersigned with the power of substitution to attend, act and vote for and on behalf of the undersigned in respect of all matters that may properly come before the Meeting and at any adjournment(s) thereof, to the same extent and with the same power as if the undersigned were personally present at the said Meeting or such adjournment(s) thereof in accordance with voting instructions, if any, provided below.

<MS#>
<HOLDER REGISTATION1>
<HOLDER ADDRESS1>
<HOLDER ADDRESS2>
<HOLDER ADDRESS3>
<CITY>, <PROV> <POSTAL CODE>
<COUNTRY>

<SHARES>
<PROXY #>
(<BAR CODE>)

DRAFT

*** SEE VOTING GUIDELINES ON REVERSE ***

RESOLUTIONS - MANAGEMENT VOTING RECOMMENDATIONS ARE INDICATED BY HIGHLIGHTED TEXT ABOVE THE BOXES

1. Number of Directors — **FOR** / AGAINST

To Set the Number of Directors at 6. ☐ ☐

2. Election of Directors

		FOR	WITHHOLD			**FOR**	WITHHOLD
a)	Peter Ashkin	☐	☐	d)	Eric Kelly	☐	☐
b)	Mario Biasini	☐	☐	e)	Jason Meretsky	☐	☐
c)	Glenn Bowman	☐	☐	f)	John Morelli	☐	☐

3. Appointment of Auditors — **FOR** / WITHHOLD

Appointment of **Collins Barrow Toronto LLP** as Auditors of the Corporation for the ensuing year and authorizing the Directors to fix their remuneration. ☐ ☐

4. Approval of Amendment of the Corporation's Stock Option Plan — **FOR** / AGAINST ☐ ☐

BE IT RESOLVED THAT:
1. the Corporation's Amended and Restated Stock Option Plan (the "Plan"), as amended, be approved and confirmed;
2. all unallocated options issuable pursuant to the Plan, from time to time, are hereby approved and authorized for issuance; and
3. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, and, if appropriate, deliver all documents and instruments and to do all other things as in the opinion of such director or officer as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of such action.

5. Ratification of Prior Option Award — **FOR** / AGAINST ☐ ☐

BE IT RESOLVED THAT:
1. the Kelly Options be ratified, approved and confirmed; and
2. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, and, if appropriate, to deliver all documents and instruments and to do all other things as in the opinion of such director or officer as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of such action.

6. Additional Changes to the Corporation's Stock Option Plan by Disinterested Shareholders — **FOR** / AGAINST ☐ ☐

BE IT RESOLVED THAT:
1. the Corporation's Amended and Restated Stock Option Plan (the "Plan"), as amended, be approved and confirmed and that Section 4.13(a)(i), (ii) and (iii) of the Plan be deleted.
2. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, and, if appropriate, deliver all documents and instruments and to do all other things as in the opinion of such director or officer as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of such action.

PLEASE PRINT NAME	*Signature of Registered owner(s)* *Date (MM/DD/YYYY)*

This proxy revokes and supersedes all earlier dated proxies and **MUST BE SIGNED.**

EQUITY Equity Financial Trust Company

Proxy Voting - Guidelines and Conditions

1. **THIS PROXY IS SOLICITED BY MANAGEMENT OF THE CORPORATION.**
2. **THIS PROXY SHOULD BE READ IN CONJUNCTION WITH THE MEETING MATERIALS PRIOR TO VOTING.**
3. **If you appoint the Management Nominees to vote your securities, they will vote in accordance with your instructions or, if no instructions are given, in accordance with the Management Voting Recommendations highlighted for each Resolution overleaf. If you appoint someone else to vote your securities, they will also vote in accordance with your instructions or, if no instructions are given, as they in their discretion choose.**
4. This proxy confers discretionary authority on the person named to vote in his or her discretion with respect to amendments or variations to the matters identified in the Notice of the Meeting accompanying the proxy or such other matters which may properly come before the Meeting or any adjournment or postponement thereof.
5. **Each shareholder has the right to appoint a person other than Management Nominees specified herein to represent them at the Meeting or any adjournment or postponement thereof.** Such right may be exercised by inserting in the space provided the name of the person to be appointed, who need not be a shareholder of the Corporation.
6. To be valid, this proxy must be signed. Please date the proxy. If the proxy is not dated, it is deemed to bear the date of its being mailed to the shareholders of the Corporation.
7. To be valid, this proxy must be filed using one of the ***Voting Methods*** and *must be received by Equity Financial Trust Company* before the ***Filing Deadline for Proxies***, noted overleaf or in the case of any adjournment of the Meeting not less than 48 hours (Saturdays, Sundays and holidays excepted) before the time of the adjourned meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.
8. If the shareholder is a corporation, the proxy must be executed by an officer or attorney thereof duly authorized, and the shareholder may be required to provide documentation evidencing the signatory's power to sign the proxy.

Investor inSite

Equity Financial Trust Company offers at no cost to security holders, the convenience of secure 24-hour access to all data relating to their account including summary of holdings, transaction history, and links to valuable security holder forms and Frequently Asked Questions.

To register, please visit
www.tmxequitytransferservices.com/investorinsite

Click on, "*Login to Investor inSite*" and complete the registration form under "*Register Online Now*". Call us toll free at 1-866-393-4891 with any questions.

Request for Financial Statements

In accordance with securities regulations, security holders may elect to receive Annual Financial Statements, Interim Financial Statements and MD&As.

Instead of receiving the financial statements by mail, you may choose to view these documents on SEDAR at www.sedar.com.

I HEREBY CERTIFY that I am a security holder of the Corporation, and as such, request that you provide me with the following:

☐ **Annual Financial Statement with MD&A** ☐ **Interim Financial Statements with MD&A**

If you are casting your vote online and wish to receive financial statements, please fax this side to (416) 595-9593.

<HOLDER REGISTATION1>
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<CITY>, <PROV> <POSTAL CODE>
<COUNTRY>

SPHERE 3D CORPORATION
FISCAL YEAR – 2013

DRAFT

Sphere 3D to Hold Annual Shareholders Meeting
and Provide Update on Business

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – September 16th, 2013 – Sphere 3D Corporation (TSXV-ANY) (the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announced that the Company will be holding its Annual Shareholders Meeting today, Monday, September 16th, 2013 at 10:00 a.m. EDT at XChange Conference Centre, 121 King Street West, Suite 1760, Toronto, Ontario.

Following the formal portion of the meeting, Management will present a slide presentation, update shareholders on current developments and demonstrate some of its products. The slide presentation will then be posted under the investor section of the Company's website at http://www.sphere3d.com/investors. The nature of the business to be transacted at the Meeting is described in further detail in the Management Information Circular of the Company dated August 9, 2013 and available on SEDAR.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

About Sphere 3D Corporation
Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com

Forward-Looking Statements
This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D Announces Launch of Corel Office for iPad Public Beta

Mississauga, ONTARIO –Monday, September 16th, 2013 – Sphere 3D Corporation (TSXV-ANY) (the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announce the Sphere 3D Corel® Office for iPad beta launch, along with an industry first companion bonus software bundle promotion valued at $250,000.

Sphere 3D will be launching the public beta version of their new Glassware 2.0™ app for Corel® Office in October. The software is a game-changing approach to productivity on the fly. Users are no longer a slave to their desks; they can have complete software functionality, combined with the power of mobility and speech recognition to make creating and editing a snap; from literally anywhere. The Company believes in the power of portability and Corel® Office so strongly, that they will be offering a ***Sphere 3D Corel® Office Bonus Promotion*** – a complimentary **bonus downloadable PC version of** Corel® Office (valued at $49.99) to 5,000 randomly selected users that register before October 31st, 2013 at Sphere3D.com/RegisterforCorel

"This software bonus promotion is a fun way, to get consumers to test drive the future of mobile productivity. This stuff isn't rocket science – we just want consumers to experience the new breed of mobile office productivity from Sphere 3D and Corel. It's about taking a familiar office suite user experience and untethering you from your PC or laptop to go mobile, without having to sacrifice functionality! Best yet, you could win a bonus downloadable desktop version of Corel Office for when you are back at your desk. Talk about the ultimate in iPad to PC Office Suite compatibility", says Howard Morton, Sphere 3D's Head of Partnerships and Commercialization.

Corel® Office includes everything users expect in an office suite at a fraction of the price, and includes all the office tools needed to create impressive documents, spreadsheets and presentations. With a familiar ribbon-style interface, Corel® Office looks like the office software consumers are used to, making it easy to get to work right away. Sharing work is also easy thanks to support for Dropbox, the file-sharing service that allows subscribers to securely post files online. Corel® Office also includes built-in PDF tools. For additional information on visit www.sphere3d.com/media-and-news-partners

For additional information:

Contact:

Peter Tassiopoulos, CEO
Sphere 3D Corporation
Phone: (416) 749-5999
Email: peter@sphere3d.com

Liz Mitchell, PR Manager
Corel Corporation
613-786-0826 ext. 1223
Email: liz.mitchell@corel.com

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit: www.sphere3D.com.

About Corel

Corel is one of the world's top software companies providing some of the industry's best-known graphics, productivity and digital media products. Boasting the most comprehensive portfolio of innovative software, we've built a reputation for delivering solutions that are easy to learn and use, helping people achieve new levels of creativity and productivity. The industry has responded with hundreds of awards for innovation, design and value.

Used by millions of people around the world, our product lines include CorelDRAW® Graphics Suite, Corel® Painter®, Corel® PaintShop® Pro, Corel® VideoStudio® and Corel® WordPerfect® Office. For more information on Corel, please visit www.corel.com.

© 2013 Corel Corporation. All rights reserved. Corel, the Corel logo, the Corel Balloon logo, CorelDRAW, Painter, PaintShop, VideoStudio and WordPerfect are trademarks or registered trademarks of Corel Corporation and/or its subsidiaries. All other names and any registered and unregistered trademarks mentioned are used for identification purposes only and remain the exclusive property of their respective owners. Patent: www.corel.com/patent

Forward-Looking Statements

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Sphere 3D Approves Business at Annual Shareholders Meeting and Grants Options

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – September 16th, 2013 – Sphere 3D Corporation (TSXV-ANY) (the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announced that shareholders have approved all resolutions put forth at its Annual and Special Meeting of Shareholders held today.

The total number of shares represented by shareholders present in person and by proxy was 43 shareholders representing 10,485,656 or 62.11% of the Company's issued and outstanding Common Shares. Shareholders voted in excess of 99% in favour of all items of business, including election of each of the following director nominees: Eric L. Kelly, Peter Ashkin, Mario Biasini, Glenn Bowman, Jason D. Meretsky and John Morelli.

All such business matters as more particularly described in the Information Circular dated August 9, 2013. Complete voting results can be found on www.sedar.com

The Company also announced today that it has granted an aggregate of 300,000 stock options pursuant to the Plan to four outside directors and four senior officers. These options expire in 10 years, vest quarterly over the next 12 months and have an exercise price of $2.68 per share, representing the last closing market price before the date of the stock option grant.

Sphere 3D Contact:
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Peter Tassiopoulos, Chief Executive Officer
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About Sphere 3D Corporation
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Forward-Looking Statements
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Sphere 3D Announces VMware Technology Alliance Partner Program Elite Membership

Mississauga, Ontario, Canada, October 4, 2013 — Sphere 3D Corporation (TSXV-ANY) ("Sphere" or the "Company"), the developer of Glassware 2.0™ foundational thin client technology, today announced it has joined the VMware Technology Alliance Partner (TAP) program as an Elite level partner. Elite members of the TAP program collaborate with VMware to integrate and validate their products with VMware solutions to drive transformative business outcomes for customers.

"We welcome Sphere 3D as an Elite member of the VMware TAP program," said Sanjay Katyal, vice president, Global Alliances & OEMs, VMware. "VMware and our Elite partners are driving the convergence of cloud infrastructure and virtualization for our customers, enabling greater efficiencies and reliability. Through the TAP program, companies like Sphere 3D can extend the benefits of VMware cloud infrastructure to fuel transformation within customer environments."

The VMware Solution Exchange (VSX) is an online virtualization and cloud infrastructure marketplace that provides customers with a single point of entry to discover, evaluate and rate business solutions.

Sphere 3D product information, collateral and other assets are listed within the online VMware Solution Exchange at solutionexchange/sphere-3d-corp. With thousands of members worldwide, the VMware TAP program includes best-of-breed technology partners with the shared commitment to bring the best expertise and business solutions for each unique customer environment.

About Sphere 3D

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Contacts:

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

VMware is a registered trademark of VMware, Inc. in the United States and other jurisdictions. The use of the word "partner" and/or "partnership" does not imply a legal partnership relationship between VMware and any other company.

SPHERE 3D CORPORATION ANNOUNCES $3.35 MILLION
“BOUGHT DEAL” FINANCING

Not for distribution to United States newswire services or for dissemination in the United States

Mississauga, Ontario, Canada, October 25, 2013 – Sphere 3D Corporation (TSXV:ANY) (“Sphere3D” or “the Company”) is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc. (collectively, the “Underwriters”), pursuant to which the Underwriters have agreed to purchase, on a bought deal private placement basis, 1,000,000 units (the “Units”) of the Company at a purchase price of $3.35 per Unit (the “Offering Price”), for gross proceeds to the Company of $3,350,000 (the “Offering”). Each Unit will consist of one common share of Sphere (a “Common Share”) and one-half of one purchase warrant (each full warrant, a “Warrant”), each full Warrant being exercisable to acquire one common share of Sphere3D at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants shall be subject to an acceleration clause whereby should the Common Shares of the Company trade at $6.00 or more for more than 10 consecutive trading days, the Company has the right to force exercise of the Warrants by providing notice to the warrantholder (the “**Forced Conversion**”). The warrantholder will have 20 trading days to exercise the Warrants or they will be forfeited.

The Offering is scheduled to close on or about November 12, 2013 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange and any applicable securities regulatory authorities.

The net proceeds of the Offering will be used for sales and marketing, and general corporate purposes.

These securities offered have not been registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release shall not constitute an offer to sell or solicitation of an offer to buy the securities in any jurisdiction. The common shares will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

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Forward-Looking Statements
This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated.

Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

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SPHERE 3D CORPORATION INCREASES "BOUGHT DEAL" FINANCING TO $4.2 MILLION

Not for distribution to United States newswire services or for dissemination in the United States

Mississauga, Ontario, Canada October 25, 2013 – Sphere 3D Corporation (TSXV:ANY) ("Sphere3D" or the "Company") is pleased to announce that it has increased its previously announced "bought deal" financing to 1,250,000 units (the "Units") of the Company. Cormark Securities Inc. (the "Lead Underwriter"), on its own behalf and on behalf of a syndicate of underwriters (the "Underwriters") have agreed to purchase an additional 250,000 Units at the same purchase price of $3.35 per Unit (the "Offering Price") for additional gross proceeds of $837,500. Total gross proceeds of the Offering are now $4,187,500 (the "Offering").

Each Unit will consist of one common share of Sphere3D (a "Common Share") and one-half of one Common Share purchase warrant (each full warrant, a "Warrant"), each full Warrant being exercisable to acquire one common share of Sphere3D at a purchase price of $4.50 for a period of 24 months following the closing of the Offering.

The Warrants shall be subject to an acceleration clause whereby should the Common Shares of the Company trade at $6.00 or more for more than 10 consecutive trading days, the Company has the right to force exercise of the Warrants by providing notice to the warrantholder. The warrantholder will have 20 trading days to exercise the Warrants or they will be forfeited.

Closing of the Offering is expected to occur on or about November 12, 2013 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange and any applicable securities regulatory authorities.

The net proceeds of the Offering will be used for sales and marketing, and general corporate purposes.

These securities offered have not been registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release shall not constitute an offer to sell or solicitation of an offer to buy the securities in any jurisdiction. The common shares will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
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About Sphere 3D Corporation
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Forward-Looking Statements
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Sphere 3D Commences Trading on OTCQX

Mississauga, ONTARIO – October 31st, 2013 – Sphere 3D Corporation (TSXV-ANY; OTCQX: SPIHF) (the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announce that the Company's common shares commence trading today on the OTCQX in the United States under the ticker symbol "SPIHF".

Sphere 3D Corp. will begin trading today on OTCQX International, a segment of the OTCQX marketplace reserved for high-quality non-U.S. companies that are listed on a qualified international exchange, undergo management reviews and provide their home country disclosure to U.S. investors. U.S. investors can find current financial disclosures and Real-Time Level 2 quotes for the company on www.otcmarkets.com.

"We are pleased Sphere 3D has chosen to upgrade to the OTCQX marketplace," said R. Cromwell Coulson, President and CEO of OTC Markets Group. "OTCQX provides qualifying issuers the ability to distinguish themselves in the U.S. market and increase their visibility with traders, investors, analysts and the media through high-quality disclosure, transparent trading and ease of access to company information. We look forward to supporting Sphere 3D and providing a robust public market for its shares."

"We are proud to qualify for trading on OTCQX, which will enable us to provide our U.S. investors with timely news and information to help them better analyze, value and trade our securities" said Peter Tassiopoulos, CEO of Sphere 3D Corp.

Roth Capital Partners will serve as Sphere 3D Corp.'s Principal American Liaison ("PAL") on OTCQX, responsible for providing professional guidance on OTCQX requirements.

Contact:

Peter Tassiopoulos, CEO
Sphere 3D Corporation
Phone: (416) 749-5999
Email: peter@sphere3d.com

About OTC Markets Group Inc.:

OTC Markets Group Inc. (OTCM) operates Open, Transparent and Connected financial marketplaces for 10,000 U.S. and global securities. Through our OTC Link® ATS, we directly link a diverse network of broker-dealers that provide liquidity and execution services for a wide spectrum of securities. We organize these securities into marketplaces to better inform investors of opportunities and risks – OTCQX®, The Best Marketplace with Qualified Companies; OTCQB®, The Venture Stage Marketplace with U.S. Reporting Companies; and OTC Pink®, The Open Marketplace with Variable Reporting Companies. Our data-driven platform enables investors to easily trade through the broker of their choice at the best possible price and empowers a broad range of companies to improve the quality and availability of information for their investors. To learn more about how we create better informed and more efficient financial marketplaces, visit www.otcmarkets.com.

OTC Link ATS is operated by OTC Link LLC, member FINRA/SIPC and SEC regulated ATS.

Subscribe to the OTC Markets RSS Feed

About Sphere 3D Corporation

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SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 Date of Material Change

October 25, 2013

Item 3 News Release

The news releases attached hereto as Schedules "A" and "B" were issued by the Corporation and disseminated via Canada Newswire on October 25, 2013 and are available on the Corporation's profile at www.sedar.com.

Item 4 Summary of Material Change

On October 25, 2013, the Corporation announced that it has entered into an engagement letter to sell, on a private placement "bought deal" basis, an aggregate of 1,000,000 units of the Corporation (each a "Unit") for gross proceeds of $3,350,000, which was subsequently upsized to 1,250,000 Units for gross proceeds of $4,187,500 (the "Offering") to a syndicate of underwriters led by Cormark Securities Inc.

Item 5 Full Description of Material Change

The news releases attached hereto as Schedules "A" and "B" provides a full description of the material change.

On October 25, 2013, the Corporation announced that it has entered into an engagement letter to sell, on a private placement "bought deal" basis, an aggregate of 1,000,000 Units for gross proceeds of $3,350,000, which was subsequently upsized to 1,250,000 Units for gross proceeds of $4,187,500, to a syndicate of underwriters led by Cormark Securities Inc.

Each Unit will consist of one common share of the Corporation (a "Common Share") and one-half of one Common Share purchase warrant (each full warrant, a "Warrant"), each full Warrant being exercisable to acquire one common share of the Corporation at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants shall be subject to an acceleration clause whereby should the Common Shares of the Company trade at $6.00 or more for more than 10 consecutive trading days, the Company has the right to force exercise of the Warrants by providing notice to the warrantholder, failing which they will be forfeited.

The Offering is scheduled to close on or about November 12, 2013 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange and any applicable securities regulatory authorities. The net proceeds of the Offering will be used for sales and marketing, and general corporate purposes.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 Date of Report

DATED this 31st day of October, 2013.

SCHEDULE "A"

PRESS RELEASE

SPHERE 3D CORPORATION ANNOUNCES $3.35 MILLION "BOUGHT DEAL" FINANCING

Not for distribution to United States newswire services or for dissemination in the United States

Mississauga, Ontario, Canada, October 25, 2013 – Sphere 3D Corporation (TSXV:ANY) ("Sphere3D" or "the Company") is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc. (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a bought deal private placement basis, 1,000,000 units (the "Units") of the Company at a purchase price of $3.35 per Unit (the "Offering Price"), for gross proceeds to the Company of $3,350,000 (the "Offering"). Each Unit will consist of one common share of Sphere (a "Common Share") and one-half of one purchase warrant (each full warrant, a "Warrant"), each full Warrant being exercisable to acquire one common share of Sphere3D at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants shall be subject to an acceleration clause whereby should the Common Shares of the Company trade at $6.00 or more for more than 10 consecutive trading days, the Company has the right to force exercise of the Warrants by providing notice to the warrantholder (the "**Forced Conversion**"). The warrantholder will have 20 trading days to exercise the Warrants or they will be forfeited.

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The net proceeds of the Offering will be used for sales and marketing, and general corporate purposes.

These securities offered have not been registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release shall not constitute an offer to sell or solicitation of an offer to buy the securities in any jurisdiction. The common shares will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

About Sphere 3D Corporation
Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com

Forward-Looking Statements
This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated.

Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SCHEDULE "B"

PRESS RELEASE

SPHERE 3D CORPORATION INCREASES "BOUGHT DEAL" FINANCING TO $4.2 MILLION

Mississauga, Ontario, Canada October 25, 2013 – Sphere 3D Corporation (TSXV:ANY) ("Sphere3D" or the "Company") is pleased to announce that it has increased its previously announced "bought deal" financing to 1,250,000 units (the "Units") of the Company. Cormark Securities Inc. (the "Lead Underwriter"), on its own behalf and on behalf of a syndicate of underwriters (the "Underwriters") have agreed to purchase an additional 250,000 Units at the same purchase price of $3.35 per Unit (the "Offering Price") for additional gross proceeds of $837,500. Total gross proceeds of the Offering are now $4,187,500 (the "Offering").

Each Unit will consist of one common share of Sphere3D (a "Common Share") and one-half of one Common Share purchase warrant (each full warrant, a "Warrant"), each full Warrant being exercisable to acquire one common share of Sphere3D at a purchase price of $4.50 for a period of 24 months following the closing of the Offering.

The Warrants shall be subject to an acceleration clause whereby should the Common Shares of the Company trade at $6.00 or more for more than 10 consecutive trading days, the Company has the right to force exercise of the Warrants by providing notice to the warrantholder. The warrantholder will have 20 trading days to exercise the Warrants or they will be forfeited.

Closing of the Offering is expected to occur on or about November 12, 2013 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange and any applicable securities regulatory authorities. The net proceeds of the Offering will be used for sales and marketing, and general corporate purposes. These securities offered have not been registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release shall not constitute an offer to sell or solicitation of an offer to buy the securities in any jurisdiction. The common shares will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements.

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Sphere 3D Corporation Peter Tassiopoulos,
Chief Executive Officer
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Peter.Tassiopoulos@Sphere3D.com

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Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

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SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 **Date of Material Change**

November 12, 2013

Item 3 **News Release**

The news releases attached hereto as Schedule "A" was issued by the Corporation and disseminated via Newsfile Corp. on November 12, 2013 and is available on the Corporation's profile at www.sedar.com.

Item 4 **Summary of Material Change**

On November 12, 2013, the Corporation announced that it has completed its previously announced "bought deal" private placement for an aggregate of 1,250,000 units of the Corporation (each a "Unit") for gross proceeds of $4,187,500 (the "Offering").

Item 5 **Full Description of Material Change**

The news release attached hereto as Schedule "A" provides a full description of the material change.

On November 12, 2013, the Corporation announced that it has completed its previously announced "bought deal" private placement for an aggregate of 1,250,000 units of the Corporation (each a "Unit") for gross proceeds of $4,187,500 (the "Offering"). The Offering was led by Cormark Securities Inc. and the underwriting syndicate included Paradigm Capital Inc. and Jacob Securities Inc.

Each Unit consists of one common share of the Corporation (a "Common Share") and one-half of one Common Share purchase warrant (each full warrant, a "Warrant"), each full Warrant being exercisable to acquire one common share of the Corporation at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants are subject to an acceleration clause whereby should the Common Shares of the Company trade at $6.00 or more for more than 10 consecutive trading days, the Company has the right to force exercise of the Warrants by providing notice to the warrantholder, failing which they will be forfeited.

The Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering, were reimbursed for fees and expenses incurred in connection with the Offering, and received compensation warrants (the “Broker Warrants”) equal to 8% of the number of Units sold under the Offering. Each Broker Warrant consists of one Common Share and one-half of one Warrant and is exercisableatapriceof$3.35 per Unit for a period of 24 months from the closing date, subject to acceleration of the expiry date of the Warrant in certain instances.

The securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSXV and applicable securities laws. The net proceeds of the Offering will be used for sales and marketing, and general corporate purposes.

The Company also announced on October 31, 2013 that its Common Shares commenced trading today on the OTCQX International in the United States under the ticker symbol "SPIHF". Roth Capital Partners has agreed to serve as the Company’s Principal American Liaison on the OTCQX.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 Date of Report

DATED this 12th day of November, 2013.

SCHEDULE "A"

PRESS RELEASE

Sphere 3D Closes $4.2 Million "Bought Deal" Financing

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – November 12, 2013 – Sphere 3D Corporation (TSXV-ANY) (the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today it has closed its previously announced "bought deal" private placement financing for gross proceeds of $4,187,500 (the "Offering").

As described in the Company's press release dated October 25, 2013, the Offering consisted of an aggregate of 1,250,000 units of the Company (each a "Unit") at a purchase price of $3.35 per Unit. The Offering was led by Cormark Securities Inc. and the underwriting syndicate included Paradigm Capital Inc. and Jacob Securities Inc. (collectively, the "Underwriters").

Each Unit consisted of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each full warrant, a "Warrant"), each Warrant being exercisable to acquire one Common Share at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants are subject to an acceleration clause whereby should the Common Shares trade at $6.00 or more for more than 10 consecutive trading days on the TSX Venture Exchange (the "TSXV") or other principal exchange, the Company has the right to issue notice to the warrant holders to accelerate the expiry date of the Warrants to a period ending not less than 20 trading days from the date of notice.

The Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering, were reimbursed for fees and expenses incurred in connection with the Offering, and received compensation warrants (the "Broker Warrants") equal to 8% of the number of Units sold under the Offering. Each Broker Warrant consists of one Common Share and one-half of one Warrant and is exercisable at a price of $3.35 per Unit for a period of 24 months from the closing date, subject to acceleration of the expiry date of the Warrant in certain instances.

The securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSXV and applicable securities laws. The net proceeds of the Offering will be used for sales and marketing, and general corporate purposes.

The offered securities have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

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Forward-Looking Statements

This release contains forward-looking statements, including, without limitation, the use of the net proceeds of the Offering. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D Closes $4.2 Million “Bought Deal” Financing

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – November 12, 2013 – Sphere 3D Corporation (TSXV-ANY) (the “Company”), developer of Glassware 2.0™ foundational thin client technology, announced today it has closed its previously announced “bought deal” private placement financing for gross proceeds of $4,187,500 (the “Offering”).

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Each Unit consisted of one common share of the Company (a “Common Share”) and one-half of one Common Share purchase warrant (each full warrant, a “Warrant”), each Warrant being exercisable to acquire one Common Share at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants are subject to an acceleration clause whereby should the Common Shares trade at $6.00 or more for more than 10 consecutive trading days on the TSX Venture Exchange (the “TSXV”) or other principal exchange, the Company has the right to issue notice to the warrant holders to accelerate the expiry date of the Warrants to a period ending not less than 20 trading days from the date of notice.

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The securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSXV and applicable securities laws. The net proceeds of the Offering will be used for sales and marketing, and general corporate purposes.

The offered securities have not been registered under the U.S. Securities Act of 1933 (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

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SPHERE 3D CORPORATION

- and -

EQUITY FINANCIAL TRUST COMPANY

WARRANT INDENTURE

Dated as of November 12, 2013

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SCHEDULES

SCHEDULE A – FORM OF WARRANT CERTIFICATE
SCHEDULE B – FORM OF DECLARATION FOR REMOVAL OF LEGEND

WARRANT INDENTURE

THIS WARRANT INDENTURE is dated as of the 12th day of November, 2013,

A M O N G:

SPHERE 3D CORPORATION, a corporation existing under the laws of the Province of Ontario

(hereinafter referred to as "**Corporation**")

- and -

EQUITY FINANCIAL TRUST COMPANY, a trust company existing under the laws of Canada and registered to carry on business in the Province of Ontario

(hereinafter referred to as the "**Warrant Agent**")

WHEREAS the Corporation proposes to issue an aggregate of 625,000 Warrants in connection with a private placement offering of 1,250,000 Units;

AND WHEREAS each Warrant will entitle the holder thereof to purchase one Common Share at a price of $4.50 per share at any time before 5:00 p.m. (Toronto Time) on the date that is twenty-four (24) months from the date of issuance of the Warrant (subject to acceleration in certain circumstances as provided herein) upon the terms and conditions herein set forth;

AND WHEREAS the Corporation is authorized under the laws applicable to it to create and issue the Warrants;

AND WHEREAS all things necessary have been or will be done and performed by the Corporation to make each of the Warrants and the Warrant Certificates, if and when countersigned by the Warrant Agent and issued in accordance with the provisions of this Indenture, legal, valid and binding obligations of the Corporation with the benefits and subject to the provisions of this Indenture;

AND WHEREAS the Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time;

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

NOW THEREFORE THIS INDENTURE WITNESSETH that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 **Definitions**

In this Indenture, unless there is something in the subject matter or context inconsistent therewith, the following phrases and words have the respective meanings indicated opposite them as follows:

“**Accelerated Time of Expiry**” means 5:00 p.m. (Toronto time) on a date that is not less than twenty (20) trading days from the date the Acceleration Notice is given;

“**Acceleration Event**” means an event whereby at any time after the Effective Date, the trading price of the Common Shares on the TSXV (or other principal stock exchange on which the Common Shares are listed or quoted for trading) is $6.00 or more for a period of at least ten (10) consecutive trading days;

“**Acceleration Notice**” has the meaning ascribed thereto in Section 3.7;

“**Applicable Legislation**” means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of agents and of issuers under warrant indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

“**Beneficial Owner**” means a person that has a beneficial interest in a Warrant that is represented by a Global Warrant;

“**Book-Based System**” means the book-based securities transfer system administered by CDS in accordance with its operating rules and procedures in force from time to time;

“**Business Day**” means a day which is not a Saturday, Sunday, or civic or statutory holiday in the City of Toronto, Ontario or a day on which the principal chartered banks located in Toronto, Ontario are closed for business;

“**Capital Reorganization**” has the meaning ascribed thereto in subsection 2.13(a)(iv);

“**CDS**” means CDS Clearing and Depository Services Inc. and its successors in interest;

“**Common Share Reorganization**” has the meaning ascribed to such term in subsection 2.13(a)(i);

“**Common Shares**” means the fully paid and non-assessable common shares in the capital of the Corporation;

“**Corporation**” means Sphere 3D Corporation, a corporation organized and existing under the laws of the Province of Ontario;

“**Corporation’s Auditors**” means the chartered accountant or firm of chartered accountants duly appointed as auditor or auditors of the Corporation from time to time;

“**Counsel**” means a barrister or solicitor or a firm of barristers or solicitors (who may be counsel for the Corporation) acceptable to the Warrant Agent, acting reasonably;

“**Current Market Price**” of the Common Shares at any date means the price per share equal to the volume weighted average trading price at which the Common Shares have traded on the TSXV or, if the Common Shares are not then listed on the TSXV, on such other Canadian or U.S. stock exchange as may be selected by the directors for such purpose or, if the Common Shares are not then listed on any Canadian or U.S. stock exchange, in the over-the-counter market, during the period of any twenty (20) consecutive trading days ending not more than five (5) Business Days before such date; provided that the weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said twenty (20) consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian or U.S. stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors;

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

“**Dividends Paid in the Ordinary Course**” means such dividends (payable in cash or securities, property or assets of equivalent value) paid on the Common Shares in any fiscal year of the Corporation to the extent that such dividends in the aggregate do not exceed in amount or value the greatest of:

(a) 25% of the aggregate amount or value of the dividends paid by the Corporation on its Common Shares in the twelve (12) consecutive months ended immediately prior to the first day of such fiscal year;

(b) 50% of the consolidated net earnings of the Corporation before extraordinary items and after dividends paid on any and all special shares of the Corporation for the period of twelve (12) consecutive months ended immediately prior to the first day of such fiscal year (such consolidated net earnings to be shown in the audited financial statements of the Corporation for such 12 month period, or if there are no audited financial statements in respect of such period, computed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently completed audited consolidated financial statements of the Corporation); and

(c) 25% of the Shareholder’s Equity,

and for such purpose the value of any dividends paid in other than cash or securities shall be the fair market value of such dividend as determined in good faith by the directors;

“**Effective Date**” means the date hereof;

“**Exchange Basis**” means, at any time, the number of Warrant Shares or other classes of shares or securities which a Warrantholder is entitled to receive upon the exercise of the rights attached to each whole Warrant pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof, such number being equal to one (1) Warrant Share per Warrant as of the date hereof;

“**Exercise Date**” with respect to any Warrant means the date on which such Warrant is surrendered to the Warrant Agent for exercise in accordance with the provisions of Article 3;

“**Exercise Price**” means $4.50 for each Warrant Share, subject to adjustment in accordance with the provisions of this Indenture;

“**Extraordinary Resolution**” means, in respect of a matter to be considered by Warrantholders, (i) a resolution passed by the affirmative vote of Warrantholders representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants represented and voting on a poll at a meeting of Warrantholders duly convened and held in accordance with the provisions of this Indenture, or (ii) an instrument or instruments in writing signed by Warrantholders representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants;

“**Global Warrant**” means a Warrant that is issued to and registered in the name of and deposited with CDS or its nominee pursuant to Section 2.6 hereof;

“**Participant**” means a person recognized by CDS as a participant in the book entry only securities registration and transfer system administered by CDS;

“**person**” includes an individual, a corporation, a partnership, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

“**Regulation S**” means Regulation S under the U.S. Securities Act;

“**Rights Offering**” has the meaning ascribed thereto in subsection Section 2.13(a)(ii);

“**Rights Offering Price**” has the meaning ascribed thereto in subsection Section 2.14(b);

“**Securities Laws**” means, collectively, the applicable securities laws of each of the provinces of Canada, and the respective regulations made and forms prescribed thereunder together with all applicable published rules, policy statements, notices and blanket orders and rulings of the securities commissions or similar regulatory authorities in each of the provinces of Canada,

“**Shareholder**” means a holder of record of one or more Common Shares or any other class or series of shares of the Corporation;

“**Shareholder’s Equity**” means the aggregate of share capital, retained earnings and any and all surplus accounts and reserves as evidenced on the audited financial statements of the Corporation for the most recently ended fiscal year;

“**Special Distribution**” has the meaning ascribed thereto in subsection Section 2.13(a)(iii);

“**Subsidiary**” means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Corporation or by one or more subsidiaries of the Corporation and, as used in this definition, “voting shares” means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

“**successor company**” has the meaning ascribed to that term in Section 7.2;

“**this Indenture**”, “**herein**”, “**hereby**”, and similar expressions mean and refer to this Indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions “**Article**”, “**Section**”, “**subsection**” and “**clause**” followed by a number mean and refer to the specified Article, Section, subsection or clause of this Indenture;

“**Time of Expiry**” means the earlier of (i) 5:00 p.m. (Toronto time) on the date that is twenty-four (24) months after the Effective Date and (ii) the Accelerated Time of Expiry;

“**trading day**” means a day on which the TSXV (or such other exchange on which the Common Shares are listed and which forms the primary trading market for such shares) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

“**Transfer Agent**” means the transfer agent or agents for the time being for the Common Shares;

“**TSXV**” means the TSX Venture Exchange;

“**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“**Units**” means 1,250,000 units of the Corporation, with each unit being comprised of one Common Share and one-half of one Warrant;

"**U.S. Person**" means a "U.S. person" as that term is defined in Rule 902(k) of Regulation S;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**Warrant Agent**" means Equity Financial Trust Company, a trust company existing under the laws of Canada and registered to carry on business in the Province of Ontario, or any lawful successor thereto, including through the operation of Section 8.11;

"**Warrant Certificate**" means the certificates representing the Warrants substantially in the form attached as Schedule "A" hereto or such other form as may be approved by the Corporation and the Warrant Agent;

"**Warrant Shares**" means the Common Shares or other securities or property issuable upon the exercise of the Warrants as a result of any adjustment to the subscription rights pursuant to Article 2 hereof;

"**Warrantholders**" or "**holders**" mean the persons whose names are entered for the time being in the register maintained pursuant to subsection 2.10(a);

"**Warrantholders' Request**" means an instrument, signed in one or more counterparts by Warrantholders representing, in the aggregate, at least 25% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent to take some action or proceeding specified therein;

"**Warrants**" means the transferrable Common Share purchase warrants of the Corporation issued hereunder entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each whole Warrant upon payment of the Exercise Price on the Exercise Date; provided that in each case the number and/or class of shares or securities issuable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

"**Written Direction of the Corporation**", "**Written Request of the Corporation**", "**Written Consent of the Corporation**" and "**Certificate of the Corporation**" and any other document required to be signed by the Corporation, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Corporation by any officer or director and may consist of one or more instruments so executed.

Section 1.2 Number and Gender

Unless elsewhere otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

Section 1.3 Interpretation Not Affected by Headings

The division of this Indenture into Articles, Sections, subsections and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

Section 1.4 Day Not a Business Day

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

Section 1.5 Time of the Essence

Time shall be of the essence in all respects in this Indenture, the Warrants and the Warrant Certificates.

Section 1.6 Applicable Law

This Indenture, the Warrants and the Warrant Certificates shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

Section 1.7 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars.

Section 1.8 Statutory References

A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

Section 1.9 Determining the Number of Outstanding Warrants

Every Warrant represented by a Warrant Certificate certified and delivered by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to Section 2.8 to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

Section 1.10 Severability

In the event that any provision of this Indenture is determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision of this Indenture, all of which shall remain in full force and effect.

Section 1.11 Language

The parties hereto have required that this Indenture and all documents and notices related thereto or resulting therefrom be drawn up in the English language. *Les parties ont expressément demandé que la présente convention ainsi que tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement*.

ARTICLE 2
ISSUE OF WARRANTS

Section 2.1 Issue of Warrants

A total of 625,000 Warrants entitling the registered holders thereof to acquire an aggregate of 625,000 Common Shares are hereby created and authorized to be issued hereunder at the Exercise Price upon the terms and conditions herein set forth.

Section 2.2 **Form and Term of Warrants**

(a) Form of Certificate: Upon the issue of Warrants in certificated form, Warrant Certificates shall be executed by the Corporation and, in accordance with a Written Direction of the Corporation, certified by or on behalf of the Warrant Agent and delivered by the Corporation in accordance with Section 2.4 and Section 2.5. The Warrant Certificates shall be substantially in the form attached as Schedule “A” hereto, subject to the provisions of this Indenture, with such variations and changes as may from time to time be agreed upon by the Warrant Agent and the Corporation, and shall be dated as of the Effective Date (regardless of their actual dates of issue), and shall have such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Corporation may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities which may be acquired pursuant to the Warrants.

(b) Issue of Uncertificated Warrants: Notwithstanding any other provision herein, the Warrants (with the exception of any Warrants issued in the United States or to, or for the account or benefit of, a U.S. Person or a person within the United States) may also be issued in uncertificated form. All Warrants issued to CDS, or its nominee, in uncertificated form shall be evidenced by a book entry position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.10(a).

(c) Term: Each Warrant authorized to be issued hereunder shall entitle the registered holder thereof to acquire (subject to Section 2.13, Section 2.14 and Section 2.15) upon due exercise and upon the due execution of the exercise form endorsed on the Warrant Certificate or other instrument of exercise in such form as the Warrant Agent and/or the Corporation may from time to time prescribe and upon payment of the Exercise Price, one (1) Warrant Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of Section 2.13 and Section 2.14 and, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

(d) No Fractional Warrants: Fractional Warrants shall not be issued or otherwise provided for. If any fraction of a Warrant would otherwise be issuable, the number of Warrants so issued shall be rounded down to the nearest whole Warrant without compensation therefor.

Section 2.3 **U.S. Restrictive Legend**

(a) No Registration: The Warrant Agent understands and acknowledges that the Warrants and the Warrant Shares issuable upon exercise of the Warrants have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and the Warrants may not be exercised in the United States or by or on behalf of a person in the United States or a U.S. Person unless an exemption from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states of the United States is available.

(b) Restrictive Transfer Legend: Each Warrant Certificate originally issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person, all Warrant Shares issuable upon exercise of such Warrants, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY [AND IF WARRANTS, THE FOLLOWING SHALL BE ADDED: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided that, if any Warrants or Warrant Shares issuable upon the exercise of Warrants are being sold in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Rule 902(e) of Regulation S at the time of sale, the foregoing legend may be removed by providing to Equity Financial Trust Company, as registrar and transfer agent for the securities of the Corporation, (i) a declaration in the form attached hereto as Schedule "B" (or as the Corporation may prescribe from time to time) and (ii) if required by Equity Financial Trust Company, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the U.S. Securities Act; and

provided further that, if any Warrants or Warrant Shares issuable upon the exercise of Warrants are being sold under Rule 144, the legend may be removed by delivering to Equity Financial Trust Company, as registrar and transfer agent for the securities of the Corporation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, that the legend is no longer required under applicable requirements of the U.S. Securities Act and state securities laws.

(c) Restrictive Exercise Legend: Each Warrant Certificate, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legends:

"THESE WARRANTS AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS IS AVAILABLE. THE TERMS "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."

"IF THE WARRANTS ARE REPRESENTED BY A GLOBAL WARRANT, UPON EXERCISE THEREOF, THE HOLDER WILL BE DEEMED TO REPRESENT, WARRANT AND CERTIFY, AT THE TIME OF EXERCISE OF THE WARRANTS, THAT THE HOLDER IS NOT IN THE UNITED STATES, IS NOT A "U.S. PERSON" AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND IS NOT EXERCISING THE WARRANTS FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES, WAS NOT OFFERED AND DID NOT ACQUIRE THE WARRANTS IN THE UNITED STATES, AND DID NOT EXECUTE OR DELIVER THE SUBSCRIPTION FORM IN THE UNITED STATES. IF THE HOLDER CANNOT MAKE THESE REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS, THE WARRANTS MUST BE WITHDRAWN FROM THE GLOBAL WARRANT AND ISSUED IN FULLY REGISTERED FORM."

(d) Issue of Certificate Without Legend: The Warrant Agent shall, upon receipt of an executed declaration in the form of Schedule "B" for removal of legend indicated above in Section 2.3(b) and any additional documentation required by the Corporation or the Warrant Agent, issue a new Warrant Certificate without the legend set forth in Section 2.3(b) within three (3) Business Days of receipt of approval by the Corporation to do so.

(e) Warrant Agent to Maintain List: The Warrant Agent shall maintain a list of all registered holders of Warrant Certificates, including Warrant Certificates bearing the legends set forth in this Section 2.3.

Section 2.4 Signing of Warrant Certificates

The Warrant Certificates shall be signed by any one of the directors or officers of the Corporation and may, but need not, be under the corporate seal of the Corporation or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile and Warrant Certificates bearing such facsimile signatures shall be binding upon the Corporation as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or facsimile signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, subject to Section 2.5, be valid and binding upon the Corporation and the registered holder thereof will be entitled to the benefits of this Indenture.

Section 2.5 Certification and Authentication by the Warrant Agent

(a) Certification: No Warrant Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefit hereof or thereof until it has been certified by manual signature by or on behalf of the Warrant Agent, upon receipt of a Written Direction of the Corporation, and such certification by the Warrant Agent upon any Warrant Certificate shall be conclusive evidence as against the Corporation that the Warrant Certificate so certified has been duly issued hereunder and the holder is entitled to the benefits hereof.

(b) Certification No Representation: The certification of the Warrant Agent on the Warrant Certificates issued hereunder shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due certification thereof) and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

(c) Authentication of Uncertificated Warrants: No Warrant issued in uncertificated form shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefit hereof or thereof, until it has been, upon receipt of a Written Direction of the Corporation, authenticated by entry on the register maintained by the Warrant Agent pursuant to paragraph 2.10(a)(i) hereof of the particulars of such Warrant. Such entry on the register maintained by the Warrant Agent pursuant to subsection 2.10(a) hereof of the particulars of a Warrant issued in uncertificated form shall be conclusive evidence that such Warrant is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

(d) No Representation: The authentication of the Warrant Agent with respect to Warrants issued in uncertificated form hereunder shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due authentication thereof) and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

Section 2.6 Issue of Global Warrant

(a) Issue of Global Warrant: With the exception of any Warrants issued to persons not participating in the Book-Based System or issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person, which shall be represented by individual Warrant Certificates, the Corporation may, at its sole option, specify, in a Written Direction of the Corporation delivered to the Warrant Agent, that some or all of the Warrants are to be represented by one or more Global Warrants registered in the name of CDS or its nominee, and in such event the Warrant Agent shall authenticate and deliver one or more Global Warrants in accordance with subsection 2.5(c) that shall:

(i) represent the aggregate number of outstanding Warrants to be represented by such Global Warrant(s); and

(ii) be delivered by the Warrant Agent to CDS or pursuant to CDS’ instructions.

(b) Transfer of Beneficial Ownership: Transfers of beneficial ownership in any Warrant represented by a Global Warrant will be effected only (i) with respect to the interest of a Participant, through records maintained by CDS or its nominee for such Global Warrant, and (ii) with respect to the interest of any person other than a Participant, through records maintained by Participants. Beneficial Owners who are not Participants but who desire to sell or otherwise transfer ownership of or any other interest in Warrants represented by such Global Warrant may do so only through a Participant.

(c) Limitation of Rights: The rights of Beneficial Owners shall be limited to those established by applicable law and agreements between CDS and the Participants, and between such Participants and Beneficial Owners, and must be exercised through a Participant in accordance with the rules and procedures of CDS.

(d) No Certificate: Subject to Section 2.6(e), neither the Corporation nor the Warrant Agent shall be under any obligation to deliver to any Participant or Beneficial Owner, nor shall any Participant or Beneficial Owner have any right to require the delivery of, a certificate or other instrument evidencing any interest in Warrants.

(e) Termination of Book-Based System: If any Warrant is represented by a Global Warrant and any of the following events occurs:

(i) CDS or the Corporation has notified the Warrant Agent that (1) CDS is unwilling or unable to continue as depository or (2) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Corporation is unable to locate a qualified successor depository within 90 days of delivery of such notice;

(ii) the Corporation has determined, in its sole discretion, with the consent of the Warrant Agent, to terminate the Book-Based System in respect of such Global Warrant and has communicated such determination to the Warrant Agent in writing;

(iii) the Corporation or CDS is required by applicable law to take the action contemplated in this Section 2.6(e);

(iv) the Book-Based System administered by CDS ceases to exist; or

(v) any such Warrant is to be exercised in the United States or by or on behalf of a person in the United States or a U.S. Person,

then one or more definitive fully registered Warrant Certificates shall be executed by the Corporation and certified and delivered by the Warrant Agent to CDS in exchange for the Global Warrant(s), or the applicable portion thereof, held by CDS.

(f) Issuance of Certificate: Fully-registered Warrant Certificates issued and exchanged pursuant to subsection 2.6(e) shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Warrants represented by the Global Warrant(s) so exchanged. Upon exchange of a Global Warrant, or the applicable portion thereof, for one or more Warrant Certificates in definitive form, such Global Warrant, or the applicable portion thereof, shall be cancelled by the Warrant Agent.

(g) Corporation and Warrant Agent Not Liable: Notwithstanding anything herein or in the terms of any Global Warrant to the contrary, neither the Corporation nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(i) the records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by any Global Warrant (other than CDS or its nominee);

(ii) maintaining, supervising or reviewing any records of CDS or any Participant relating to any such interest; or

(iii) any advice or representation made or given by CDS or a Participant that relates to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any Participant.

(h) Reliance by Warrant Agent: For the purposes of any provision of this Indenture requiring or permitting actions with the consent of, or the direction of, Warrantholders evidencing a specified percentage of Warrants then outstanding, the Warrant Agent is entitled to act and rely upon the instructions of CDS that it has received instructions, directly or indirectly through its respective Participants, to such effect from such Beneficial Owners owning or representing, respectively, the requisite percentage of Warrants.

(i) Limitation of Rights: The rights of Beneficial Owners shall be limited to those established by applicable law and agreements between CDS and the Participants, and between such Participants and Beneficial Owners, and must be exercised through a Participant in accordance with the rules and procedures of CDS.

Section 2.7 Warrantholder Not a Shareholder

The holding of a Warrant shall not be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder, nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

Section 2.8 Issue in Substitution for Lost Warrant Certificates

(a) Issue of New Warrant Certificate: In the event that any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law, and Section 2.8(b), shall issue, and thereupon the Warrant Agent shall certify and deliver, a new Warrant Certificate of like date and tenor, and bearing the same legends, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in a form approved by the Warrant Agent and shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(b) Cost of Substitution: The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.8 shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent in their discretion, acting reasonably, and such applicant may also be required to furnish an indemnity and security in the form of a surety bond in amount and form satisfactory to the Corporation and the Warrant Agent in their discretion, acting reasonably, and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

Section 2.9 Warrants to Rank *Pari Passu*

All Warrants shall have the same attributes and rank *pari passu*, whatever may be the actual date of issue of the Warrant Certificates evidencing them or the actual date of authentication of the Warrants issued in uncertificated form.

Section 2.10 Registration and Transfer of Warrants

(a) Register: The Corporation will cause to be kept by the Warrant Agent at its principal office in the City of Toronto, Ontario:

(i) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them; and

(ii) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(b) Transfer: Other than in the case of Warrants represented by a Global Warrant and governed by the Book-Based System, no transfer of any Warrant will be valid unless entered on the register of transfers referred to in Section 2.10(a), upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed transfer form endorsed on the Warrant Certificate executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution reasonably satisfactory to the Warrant Agent, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe, such transfer will be recorded on the register of transfers by the Warrant Agent.

(c) Register of Transfer: The transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant Certificate (if any) evidencing such Warrant as required by subsection 2.10(b) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the registers of holders referred to in subsection 2.10(a), as the owner of such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Warrant, except in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

(d) Refusal of Registration: The Corporation will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in subsection 2.10(a), if such transfer would constitute a violation of the Securities Laws of any jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Corporation. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable Securities Laws. The Warrant Agent may assume for the purposes of this Indenture that the address on the register of Warrantholders of any Warrantholder is the actual address of such Warrantholder and is also determinative of the residence of such Warrantholder and that the address of any transferee to whom any Warrants or other securities issuable upon the exercise of any Warrants are to be registered, as shown on the transfer document, is the actual address of the transferee and is also determinative of the residency of the transferee.

(e) No Notice of Trusts: Subject to applicable law, neither the Corporation nor the Warrant Agent will be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Warrant, and may transfer any Warrant on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

(f) Inspection: The registers referred to in subsection 2.10(a) hereof, and any branch register maintained pursuant to subsection 2.10(g) hereof, shall be open at all reasonable times during business hours on a Business Day for inspection by the Corporation, the Warrant Agent or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Corporation, furnish the Corporation with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent and showing the number of Warrants held by each such holder.

(g) Location of Registers: The Corporation may at any time and from time to time change the place at which the registers referred to in subsection 2.10(a) hereof are kept, cause branch registers of holders to be kept, in each case subject to the approval of the Warrant Agent, at other places and close such branch registers or change the place at which such branch registers are kept. Notice of all such changes or closures shall be given by the Corporation to the Warrant Agent and to the holders of Warrants in accordance with Article 9 hereof.

(h) Reliance by Warrant Agent: The Warrant Agent shall have no obligation to ensure or verify compliance with any Applicable Legislation or regulatory requirements on the issue, exercise or transfer of any Warrants or any Common Shares or other securities issued upon the exercise of any Warrants. The Warrant Agent shall be entitled to process all transfers and exercises of Warrants upon the presumption that such transfers or exercises are permissible pursuant to all Applicable Legislation and regulatory requirements and the terms of the Indenture and the related Warrant Certificates in the absence of *prima facie* evidence to the contrary. The Warrant Agent may assume for the purposes of this Indenture that the address on the register of Warrantholders of any Warrantholder is the actual address of such Warrantholder and is also determinative of the residency of such Warrantholder and that the address of any transferee to whom any Warrants or Common Shares or other securities issuable upon the exercise of any Warrants are to be registered, as shown on the transfer document, is the actual address of the transferee and is also determinative of the residency of the transferee.

Section 2.11 Exchange of Warrant Certificates

(a) Exchange: Warrant Certificates may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrant Certificates in any other authorized denomination representing in the aggregate the same number of Warrants. The Corporation shall sign and the Warrant Agent shall certify, in accordance with Section 2.4 and Section 2.5, all Warrant Certificates necessary to carry out the exchanges contemplated herein.

(b) Place of Exchange: Warrant Certificates may be exchanged only at the principal office of the Warrant Agent in the City of Toronto, Ontario, or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificates tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(c) Charges for Exchange: Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Corporation for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

Section 2.12 Ownership of Warrants

The Corporation and the Warrant Agent and their respective agents may deem and treat the registered holder of any Warrant Certificate as the absolute owner of the Warrant represented thereby for all purposes and the Corporation and the Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any holder of the Warrant Shares or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Corporation and the Warrant Agent for the same and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any holder.

Section 2.13 Adjustment of Exchange Basis

(a) Adjustment of Exchange Basis: In this Section 2.13, the terms "record date" and "effective date" where used herein shall mean the close of business on the relevant date. Subject to Section 2.14, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided as follows (subject to the prior consent of the TSXV, if necessary):

(i) Stock Dividend, Distribution of Common Shares, Subdivision or Consolidation: If and whenever at any time after the Effective Date and prior to the Time of Expiry the Corporation shall:

(A) fix a record date for the issue of, or issue, Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than as a Dividend Paid in the Ordinary Course or a distribution of Warrant Shares upon exercise of the Warrants or pursuant to the exercise of directors, officers or employee stock options granted under stock option plans of the Corporation); or;

(B) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares; or

(C) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (A), (B) or (C) being called a "**Common Share Reorganization**"), then the Exchange Basis shall be adjusted, effective immediately after the earlier of the record date at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization and the effective date of the Common Share Reorganization, by multiplying the Exchange Basis in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

(D) the numerator of which shall be the 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 such securities been exchanged for or converted into Common Shares on such date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on such record date or effective date, as the case may be, on the basis upon which they first become convertible or exchangeable); and

(E) the denominator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. To the extent that any adjustment in the Exchange Basis occurs pursuant to this subsection 2.13(a) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion or exchange rights are not fully exercised, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(ii) Issue of Rights, Options or Warrants: If and whenever, at any time after the Effective Date and prior to the Time of Expiry, the Corporation shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a "**Rights Offering**"), then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(A) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, options or warrants under the Rights Offering and assuming the exchange or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(B) the denominator of which shall be the aggregate of:

(1) the number of Common Shares outstanding as of the record date for the Rights Offering; and

(2) a number determined by dividing

(x) the amount equal to the aggregate consideration payable on the exercise of all of the rights, warrants and options under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, warrants or options (assuming the exercise of all rights, warrants and options under the Rights Offering and assuming the exchange or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, warrants and options);

by

(y) the Current Market Price of the Common Shares as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted in accordance with this Article 2. Any Common Shares owned by or held for the account of the Corporation or any of its Subsidiaries or a partnership in which the Corporation is directly or indirectly a party to will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(iii) Special Distribution: If and whenever at any time after the Effective Date and prior to the Time of Expiry the Corporation shall fix a record date for the issue or distribution to all or substantially all the holders of the Common Shares of:

(A) shares of the Corporation of any class other than Common Shares;

(B) rights, options or warrants (other than rights, options or warrants issued pursuant to a Rights Offering) to acquire Common Shares or securities exchangeable for or convertible into Common Shares or property or other assets or the Corporation;

(C) evidences of indebtedness; or

(D) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Dividends Paid in the Ordinary Course, a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a “**Special Distribution**”), the Exchange Basis shall be adjusted effective immediately after the record date for the Special Distribution by multiplying the Exchange Basis in effect on such record date by a fraction:

(E) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date, and

(F) the denominator of which shall be:

(1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, less

(2) the fair market value, as determined by action by the board of directors of the Corporation, acting reasonably and in good faith (whose determination shall be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or other assets issued or distributed in the Special Distribution,

provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date. The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2.

(iv) Reclassification of Common Shares, Consolidation, Amalgamation or Merger: If and whenever, at any time after the Effective Date and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding or change or exchange of the Common Shares into other shares or into other securities (other than a Common Share Reorganization), or a consolidation, amalgamation, plan of arrangement or merger resulting in the combination of the Corporation with or into any other corporation or other entity (other than a consolidation, amalgamation, plan of arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a "**Capital Reorganization**"), any Warrantholder who thereafter shall exercise his right to receive Warrant Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Warrant Shares to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 2 with respect to the rights and interests thereafter of Warrantholders to the end that the provisions set forth in this Article 2 shall thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(b) Adjustment of Exercise Price: Any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Exercise Price which shall be calculated by multiplying the Exercise Price by a fraction: (i) the numerator of which shall be the Exchange Basis prior to the adjustment; and (ii) the denominator of which shall be the Exchange Basis after the adjustment.

(c) Adjustments Prior to Effective Date: Notwithstanding any other provisions hereof, in the event that, at any time prior to the Effective Date, there shall have occurred one or more events which, if any Warrant was or had been outstanding, would require an adjustment or adjustments thereto or to the Exchange Basis or the Exercise price in accordance with the provisions hereof, then, notwithstanding anything to the contrary herein and notwithstanding that no Warrants may be or have been outstanding at the applicable time under this Indenture, at the time of the issue of Warrants hereunder the same adjustment or adjustments in accordance with the adjustment provisions hereof shall be made to such Warrants, *mutatis mutandis*, as if such Warrants were and had been outstanding and governed by the provisions hereof upon the occurrence of such event or events.

Section 2.14 Rules Regarding Calculation of Adjustment of Exchange Basis

(a) Successive Adjustment: The adjustments provided for in Section 2.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to therein shall occur, subject to the following subsections of this Section 2.14.

(b) Rights Offering Price: If the purchase price provided for in any Rights Offering (the "**Rights Offering Price**") is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to subsection 2.13(a)(ii) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of Section 2.13.

(c) Minimum Adjustment: No adjustment in the Exercise Price or the Exchange Basis shall be required to be made unless the cumulative effect of such adjustment or adjustments would change the Exercise Price by at least 1% or the Exchange Basis by at least one-one hundredth of a Common Share provided, however, that any adjustments which, except for the provisions of this subsection would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment, and provided further that in no event shall the Corporation be obligated to issue fractional Common Shares upon the exercise of Warrants.

(d) *Mutatis Mutandis* Adjustment: No adjustment in the Exchange Basis shall be made in respect of any event described in subsection 2.13(a), other than the events referred to in paragraphs 2.13(a)(i)(B) and 2.13(a)(i)(C), if Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if Warrantholders had exercised their Warrants prior to or on the effective date or record date, as the case may be, of such event.

(e) No Adjustment for Certain Events: No adjustment in the Exchange Basis shall be made pursuant to Section 2.13 in respect of the issue from time to time of Common Shares purchasable on exercise of the Warrants or in respect of the issue from time to time of Dividends Paid in the Ordinary Course to holders of Common Shares who exercise an option or election to receive substantially equivalent dividends in Common Shares in lieu of receiving a cash dividend or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers, employees or consultants of the Corporation and/or any Subsidiary of the Corporation, and any such issue shall be deemed not to be an Common Share Reorganization, a Rights Offering nor any other event described in Section 2.13 hereof

(f) Disputes: If a dispute shall at any time arise with respect to adjustments provided for in Section 2.13, such dispute shall, absent manifest error, be conclusively determined by the Corporation's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Corporation, the Warrant Agent and the Warrantholders. The Corporation shall ensure the Corporation's Auditors are given full access to all necessary records as they may require.

(g) Abandonment of Event: If the Corporation shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such Shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(h) Deemed Record Date: In the absence of a resolution of the directors fixing a record date for a Common Share Reorganization, a Rights Offering or a Special Distribution, the Corporation shall be deemed to have fixed as the record date therefor the earlier of the date on which holders of record of Common Shares are determined for the purpose of participating in the Common Share Reorganization, Rights Offering or Special Distribution and the date on which the Common Share Reorganization, Rights Offering or Special Distribution becomes effective.

(i) Corporate Affairs: As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(j) Other Actions: In case the Corporation, after the date hereof, shall take any action affecting any Common Shares, other than action described in Section 2.13, which in the opinion of the board of directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exchange Basis and/or Exercise Price shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances. Failure of the taking of action by the directors so as to provide for an adjustment in the Exchange Basis and/or Exercise Price prior to the effective date of any action by the Corporation affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances, in the absence of bad faith, negligence, manifest error or willful misconduct on the part of the directors.

(k) Reliance by Warrant Agent: The Warrant Agent shall be entitled to rely on any adjustment calculations prepared by the Corporation or the Corporation's Auditors.

Section 2.15 <u>Postponement of Subscription</u>

In any case where the application of Section 2.13 results in an increase in the number of Common Shares that are issuable upon exercise of the Warrants taking effect immediately after the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event, the Corporation may postpone the issuance to the Warrantholder of the Warrant Shares to which he is entitled by reason of such adjustment, but such Warrant Shares shall be so issued and delivered to that holder upon completion of that event, with the number of such Warrant Shares calculated on the basis of the number of Warrant Shares on the date that the Warrant was exercised, adjusted for completion of that event and the Corporation shall deliver to the person or persons in whose name or names the Warrant Shares are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Warrant Shares and the right to receive any dividends or other distributions which, but for the provisions of this Section 2.15, such person or persons would have been entitled to receive in respect of such Warrant Shares from and after the date that the Warrant was exercised in respect thereof

Section 2.16 <u>Notice of Adjustment</u>

(a) <u>Notice of Effective or Record Date</u>: At least ten (10) days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to Section 2.13, the Corporation shall:

(i) file with the Warrant Agent a Certificate of the Corporation specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment; and

(ii) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(b) <u>Adjustment Not Determinable</u>: In case any adjustment for which a notice in subsection 2.16(a) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable:

(i) file with the Warrant Agent a computation of such adjustment; and

(ii) give notice to the Warrantholders of the adjustment.

(c) <u>Reliance by Warrant Agent</u>: The Warrant Agent may, absent manifest error, rely upon certificates and other documents filed by the Corporation pursuant to this section for all purposes of the adjustment.

Section 2.17 <u>No Action after Notice</u>

The Corporation covenants with the Warrant Agent that it will not take any other corporate action which might deprive a Warrantholder of the opportunity of exercising the rights of acquisition under the Warrants during the period of ten (10) days after the giving of the notice set forth in subsections 2.16(a)(ii) and 2.16(b)(ii) .

Section 2.18 <u>Optional Purchases by the Corporation</u>

Subject to applicable law, the Corporation may from time to time purchase Warrants on any stock exchange (if then listed), in the open market, by private agreement or otherwise. Any such purchase shall be made in such manner, from such persons, at such prices and on such other terms as the Corporation in its sole discretion may determine. The Warrant Certificates representing the Warrants purchased pursuant to this Section 2.18 shall be forthwith delivered to and cancelled by the Warrant Agent and shall not be reissued.

Section 2.19 **Protection of Warrant Agent**

Subject to Article 8, the Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered Warrantholder to determine whether any facts exist which may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Warrant Shares which may at any time be issued or delivered upon the exercise of the Warrants;

(c) be responsible for any failure of the Corporation to issue, transfer or deliver the Warrant Shares or certificates evidencing the same upon surrender of the Warrants for the purpose of exercising the rights or to comply with the provisions or covenants contained in this Article 2; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the representations, warranties or covenants of the Corporation or any acts or deeds of the agents or servants of the Corporation.

Section 2.20 **Cancellation of Warrant Certificates**

All Warrant Certificates surrendered to the Warrant Agent pursuant to Section 2.8, subsection 2.10(b), Section 2.11, Section 2.18 or Section 3.1 shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of such Warrant Certificates on the register of holders maintained by the Warrant Agent pursuant to subsection 2.10(a) . The Warrant Agent shall, if required by the Corporation, furnish the Corporation with a certificate identifying the Warrant Certificates so cancelled. All Warrants represented by Warrant Certificates which have been duly cancelled shall be without further force or effect whatsoever.

ARTICLE 3
EXERCISE OF WARRANTS

Section 3.1 **Method of Exercise of Warrants**

(a) Exercise by Registered Holder: Subject to subsections 3.1(b) and 3.1(d), the registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Warrant Shares to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time on or before the Time of Expiry at its principal office in the City of Toronto, Ontario (or at such additional place or places as may be decided by the Corporation from time to time with the approval of the Warrant Agent), with:

(i) a duly completed and executed exercise form of the registered holder or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner reasonably satisfactory to the Warrant Agent, substantially in the form of exercise attached to the form of Warrant Certificate set out in Schedule “A” for the number of Warrant Shares subscribed for; and

(ii) a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Corporation in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. In the event that the payment of the Exercise Price received by the Warrant Agent is in the form of uncertified or unguaranteed funds, the Warrant Agent shall be entitled to delay the time of payment of the Exercise Price to the Corporation and delivery of the certificate representing the Warrant Shares so purchased by the Warrantholder until such uncertified or unguaranteed funds have cleared in the ordinary course of the financial institution upon which the same are drawn. A Warrant Certificate with the duly completed and executed exercise form and payment of the aggregate Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent.

(b) Exercise by Beneficial Owner: A Beneficial Owner of Warrants issued in uncertificated form who desires to exercise his or her Warrants must do so by causing a Participant to deliver to CDS on behalf of the entitlement holder, notice of the owner's intention to exercise Warrants in a manner acceptable to CDS. Forthwith upon receipt by CDS of such notice, as well as payment for the Exercise Price, CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (a "**Confirmation**") in a manner acceptable to the Warrant Agent, including by electronic means through the book based registration system. Notwithstanding anything to the contrary herein, by causing a Participant to deliver to CDS a notice of the Beneficial Owner's intention to exercise Warrants, the Beneficial Owner shall be deemed to have represented, warranted and certified that at the time of exercise of the Warrants that it (a) is not in the United States, (b) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a Person in the United States, (c) was not offered and did not acquire such Warrants in the United States, and (d) did not execute or deliver the notice of the Beneficial Owner's intention to exercise such Warrants in the United States, and the Warrant Agent and the Corporation shall be entitled to rely on such representations, warranties and certifications. If the Beneficial Owner or Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the book based registration system by the Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such Beneficial Owner or Participant and the exercise procedures set forth in subsection 3.1(a) shall be followed.

(c) Payment of Exercise Price by Beneficial Owner: Payment representing the Exercise Price must be provided to the appropriate office of the Participant in a manner acceptable to it. A notice in form acceptable to the Participant (together with a written confirmation substantially the same as the Confirmation) and payment from such Beneficial Owner should be provided to the Participant sufficiently in advance so as to permit the Participant to deliver notice and payment to CDS and for CDS in turn to deliver notice and payment to the Warrant Agent prior to the Time of Expiry. CDS will initiate the exercise by way of the Confirmation and forward the Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the book based registration system the Warrant Shares to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the Beneficial Owner exercising the Warrants and/or the Participant exercising the Warrants on its behalf.

(d) Exercise Notice Completion: Any exercise form referred to in subsection 3.1(a) shall be signed by the Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner reasonably satisfactory to the Warrant Agent, shall specify the person(s) in whose name such Warrant Shares are to be issued, the address(es) of such person(s) and the number of Warrant Shares to be issued to each person, if more than one is so specified. If any of the Warrant Shares subscribed for are to be issued to (a) person(s) other than the Warrantholder, the signatures set out in the exercise form referred to in subsection 3.1(a) shall be guaranteed by a Canadian Schedule 1 chartered bank or a medallion signature guaranteed from a member of a recognized Signature Medallion Guarantee Program and the Warrantholder shall pay to the Corporation or the Warrant Agent all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing Warrant Shares unless or until such Warrantholder shall have paid to the Corporation or the Warrant Agent on behalf of the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

Section 3.2 No Fractional Shares

Under no circumstances shall the Corporation be obliged to issue any fractional Warrant Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Warrant Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Warrant Shares.

Section 3.3 Partial Exercise of Warrants

In the event that any Warrant shall be exercised in part only, the holder thereof, upon surrender of such Warrant in accordance with the provisions of Section 3.1, shall be entitled to receive, subject to subsection 2.2(d), without expense to such holder, one or more new Warrant Certificates for the unexercised part of the Warrants so surrendered.

Section 3.4 Disbursement of Monies

The Warrant Agent will disburse monies to the Corporation according to this Indenture only to the extent that monies have been deposited with it.

Section 3.5 Effect of Exercise of Warrants

(a) Effect of Exercise: Upon compliance by the Warrantholder with the provisions of Section 3.1, the Warrant Shares subscribed for shall be deemed to have been issued and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the Exercise Date unless the transfer registers of the Corporation for the Common Shares shall be closed on such date, in which case the Warrant Shares subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer registers are reopened.

(b) Accounting to Corporation: The Warrant Agent shall as soon as practicable account to the Transfer Agent and the Corporation with respect to Warrants exercised. All such monies, and any securities or other instruments, from time to time received by the Warrant Agent shall be received as agent for, and shall be segregated and kept apart by the Warrant Agent as agent for, the Corporation. Within five (5) Business Days of receipt thereof the Warrant Agent shall forward to the Corporation (or to an account or accounts of the Corporation with a bank or trust company designated in writing by the Corporation for that purpose) all monies received through the exercise of Warrants pursuant to Article 3 hereof.

(c) Record of Exercise: The Warrant Agent shall record the particulars of the Warrants exercised for Common Shares, which particulars shall include the names and addresses of the Persons who become holders of Common Shares, if any, on exercise, the number of Common Shares issued and the Exercise Date. Within five (5) Business Days of each Exercise Date, the Warrant Agent shall provide such particulars in writing to the Corporation and the Transfer Agent.

(d) Issue of Share Certificates: As soon as practicable, and in any event within three (3) Business Days following the due exercise of a Warrant pursuant to Section 3.1, the Corporation shall cause the Transfer Agent to mail to the person in whose name the Warrant Shares so subscribed for are to be issued, as specified in the exercise form completed on the Warrant Certificate, at the address specified in such exercise form, a certificate or certificates for the Warrant Shares to which the Warrantholder is entitled and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate representing any Warrants not then exercised.

(e) U.S. Legend: The certificates representing Warrant Shares issued upon the exercise of Warrants in the United States or by or on behalf of a person in the United States or a U.S. Person shall bear the following legend until such time as the same is no longer required under applicable requirements of the U.S. Securities Act and all applicable state securities laws:

> "THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided that, if the Warrant Shares are being sold in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Rule 902(e) of Regulation S at the time of sale, the foregoing legend may be removed by providing to Equity Financial Trust Company, as the registrar and transfer agent for the Corporation (i) a declaration in the form attached hereto as Schedule "B" (or as the Corporation may prescribe from time to time) and (ii) if required by Equity Financial Trust Company, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the U.S. Securities Act; and

provided, further, that, if any Warrant Shares are being sold under Rule 144 under the U.S. Securities Act, the legend may be removed by delivering to Equity Financial Trust Company an opinion of counsel of recognized standing reasonably satisfactory to the Corporation that the legend is no longer required under applicable requirements of the U.S. Securities Act and state securities laws.

Section 3.6 Expiration of Warrants

After the Time of Expiry all rights under any Warrant in respect of which the right of subscription and purchase, herein and therein provided for shall not theretofore have been validly exercised shall wholly cease and terminate and such Warrant shall be void and of no effect.

Section 3.7 Accelerated Time of Expiry

Notwithstanding Section 3.1, if an Acceleration Event shall occur, the Corporation may, within five (5) Business Days after such Acceleration Event, provide notice in writing to each Warrantholder and the Warrant Agent (which notice, in the case of the Warrantholders, may be given by way of press release) that (i) the Acceleration Event has occurred, and (ii) the Warrants will expire at the Accelerated Time of Expiry (the "**Acceleration Notice**"). All Warrants that remain unexercised following the Accelerated Time of Expiry shall immediately expire and all rights of holders of such Warrants shall be terminated without any compensation to the holder thereof.

ARTICLE 4
COVENANTS OF THE COMPANY

Section 4.1 General Covenants

The Corporation covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that so long as any Warrants remain outstanding:

(a) it will at all times maintain its corporate existence, will carry on and conduct its business in a proper, efficient and business-like manner and in accordance with good business practice and will cause to be kept proper books of account in accordance with generally accepted accounting practices;

(b) it will use commercially reasonable efforts to ensure that all Common Shares outstanding or issuable from time to time (including for certainty the Warrant Shares issuable upon exercise of the Warrants) are listed on the TSXV (or such other stock exchange acceptable to the Corporation) for a period of three years following the Effective Date, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the U.S., or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of TSXV (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(c) it will use commercially reasonable efforts to maintain its status as a reporting issuer not in default in each of the Provinces of Canada in which the Corporation is a reporting issuer for a period of three years following the Effective Date, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a "reporting issuer" so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or U.S., or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the TSXV (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(d) it will cause certificates representing the Warrant Shares, if any, from time to time subscribed and paid for pursuant to the exercise of Warrants to be issued and delivered in accordance with the terms hereof;

(e) all Warrant Shares which are issued upon exercise of the right to subscribe for and purchase provided for herein, upon payment of the Exercise Price herein provided for, shall be fully paid and non-assessable shares;

(f) it will reserve and conditionally allot and keep available a sufficient number of Common Shares for the purpose of enabling the Corporation to satisfy its obligations to issue Warrant Shares upon the exercise of the Warrants, and all Warrants shall, when countersigned and registered as provided herein, be valid and enforceable against the Corporation;

(g) subject to Section 2.16, it will give to the Warrant Agent notice of its intention to fix a record date, or effective date, as the case may be, for any event referred to in Section 2.13 hereof which may give rise to an adjustment in the Exchange Basis and/or the Exercise Price and, in each case, such notice shall specify the particulars of such event and the record date, or the effective date, for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given, and such notice shall be given in each case not less than ten (10) days prior to the applicable record date or effective date, as the case may be;

(h) it will not close its transfer books nor take any other action which might deprive a Warrantholder of the opportunity of exercising the right of purchase pursuant to the Warrants held by such person during the period of ten (10) days after the giving of a notice required by this Section 4.1 or unduly restrict such opportunity;

(i) if the Corporation is a party to any transaction in which the Corporation is not the continuing corporation, it shall use commercially reasonable efforts to obtain all consents which may be necessary or appropriate under Canadian law to enable the continuing corporation to give effect to the Warrants;

(j) subject to Section 4.2, it shall prepare and file, in accordance with applicable securities law, any documents required by applicable securities laws to be filed forthwith relating to the distribution of Warrant Shares to Warrantholders upon the exercise of such Warrants;

(k) it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all other acts, deeds and assurances as the Warrant Agent may reasonably require to give effect to the provisions of this Indenture;

(l) it will promptly notify the Warrant Agent and the Warrantholders in writing of any material default under the terms of this Indenture which remains unrectified for more than ten (10) Business Days following its occurrence;

(m) it will give notices to the Warrantholders and the Warrant Agent in accordance with Section 9.1, Section 9.2 and Section 9.3, as applicable; and

(n) it will use commercially reasonable efforts to perform all of its covenants and carry out all the acts or things to be done by it as provided in this Indenture.

Section 4.2 Securities Qualification Requirements

(a) If, in the opinion of Counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities administrator, regulatory agency or governmental authority or any other step is required under any federal or provincial law of Canada before the Warrant Shares may be issued or delivered to a Warrantholder, the Corporation covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

(b) The Warrant Agent will provide the Corporation with all such information as the Corporation requires for the purpose of giving written notice of the issue of Warrant Shares pursuant to the exercise of Warrants, in such detail as may be required, to each securities regulatory agency or government authority in Canada in each jurisdiction in which there is legislation requiring the giving of any such notice.

Section 4.3 Warrant Agent's Remuneration and Expenses

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements of the Warrant Agent in the administration or execution of the duties and obligations hereby created, provided that the Warrant Agent shall receive prior written approval for any expense in excess of $1,000 that it intends to incur in connection with the services it provides to the Corporation pursuant to this Indenture (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense or disbursement in connection with or related to or required to be made as a result of the gross negligence, wilful misconduct, bad faith or fraud of the Warrant Agent. The Warrant Agent shall have no obligation to take any action under this Indenture so long as any payment is due to the Warrant Agent for any reasonable fees, expenses and disbursements. Any amount owing under this Section 4.3 and unpaid thirty (30) days after request for such payment will bear interest from the expiration of such thirty (30) days at a rate per annum equal to the then current rate charged by the Warrant Agent, payable on demand.

Section 4.4 Performance of Covenants by Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Indenture and the Corporation has not rectified such failure within twenty-five (25) Business Days after receiving written notice in accordance with Article 9 from the Warrant Agent of such failure, the Warrant Agent may notify the Warrantholders in accordance with Article 9 of such failure on the part of the Corporation or may itself perform any of such covenants capable of being performed by it, but shall be under no obligation to perform such covenants or to notify the Warrantholders of such performance by it. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in Section 4.3. No such performance, expenditure or disbursement, by the Warrant Agent shall be deemed to relieve the Corporation of any default hereunder or of its continuing obligations under the covenants in this Indenture.

ARTICLE 5
ENFORCEMENT

Section 5.1 Suits by Warrantholders

All or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by and/or this Indenture may be enforced by such Warrantholder by appropriate legal proceedings, but without prejudice to the rights which are hereby conferred upon the Warrant Agent to proceed in its own name or on behalf of the Warrantholders to enforce each and every provision herein contained for the benefit of the Warrantholders, and subject to the provisions of Section 5.2, Section 5.3 and Section 8.1. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

Section 5.2 Immunity of Shareholders

Subject to applicable law, the Warrant Agent and, by acceptance of the Warrant Certificate and as part of the consideration for the issue of the Warrants, the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any person in its capacity as an incorporator or any past, present or future Shareholder, director, officer, employee or agent of the Corporation for the creation and issue of the shares pursuant to any Warrant or any covenant, agreement, representation or warranty by the Corporation herein or contained in the Warrant Certificates.

Section 5.3 Limitation of Liability

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

ARTICLE 6
MEETINGS OF WARRANTHOLDERS

Section 6.1 Conduct of Meetings

Meetings of Warrantholders shall be convened held and conducted in the following manner:

(a) Calling of Meetings: At any time and from time to time the Warrant Agent or the Corporation may, and the Warrant Agent shall on receipt of a Warrantholders' Request, and, upon being indemnified to its reasonable satisfaction and furnished with sufficient funds for all reasonable costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Warrantholders. If, within fifteen (15) Business Days after receipt of such Written Request of the Corporation or Warrantholders' Request, the Warrant Agent fails to convene a meeting after being duly required by the Corporation or the Warrantholders as set out above, the Corporation or such Warrantholders, as the case may be, may convene such meeting and the notice calling such meeting may be signed by such person as the Corporation or such Warrantholders may specify.

(b) Place of Meeting: Every meeting of the Warrantholders will be held in the City of Toronto, Ontario, or such other place that is approved or determined by the Warrant Agent and the Corporation, as hereinafter provided.

(c) Notice of Meetings: Notice of any meeting of the Warrantholders shall be given to the Warrantholders, to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation), which notice must be mailed or delivered in accordance with this Article 6 and Section 9.1 and Section 9.2 at least ten (10) days prior to the date of such meeting. Such notice shall state the time when, and the place where, the meeting is to be held and shall specify in general terms the nature of the business to be transacted thereat, but it shall not be necessary to specify in the notice the text of the resolutions to be passed. A copy of all notices shall be delivered to the Warrant Agent, unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The accidental omission to give such notice to or the non-receipt of any such notice by a Warrantholder shall not invalidate any resolution passed at such meeting.

(d) Quorum: At any meeting of the Warrantholders, subject as herein provided, a quorum shall consist of two or more persons present in person holding, either personally or as proxies for holders, not less than 25% of the aggregate number of the then outstanding Warrants. If a quorum is not present on the date for which the meeting is called within thirty (30) minutes after the time fixed for the holding of such meeting and the meeting was called by the Warrant Agent or the Corporation, the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place and, at such adjourned meeting, a quorum shall consist of the Warrantholders then and there represented in person or by proxy and voting. If a quorum is not present on the date for which the meeting is called within thirty (30) minutes after the time fixed for the holding of such meeting and the meeting was called by Warrantholders, the meeting shall be cancelled.

(e) Chairman: An individual, who need not be a Warrantholder, nominated in writing by the Warrant Agent, shall be chair of the meeting. If no person is so nominated or if the person so nominated is not present within fifteen (15) minutes after the time fixed for the holding of the meeting, the Warrantholders and proxies for Warrantholders present shall choose a person present, including any one of their number, to be chair of the meeting.

(f) Power to Adjourn: Subject to the provisions of subsection 6.1(d) hereof, the chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

(g) Voting: Subject to the provisions of Section 6.5, every question submitted to a meeting, except an Extraordinary Resolution and unless otherwise specified in this Indenture, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll and shall be binding on all Warrantholders. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as a proxy for a Warrantholder, or both, shall be entitled to one vote. A poll shall be taken on every Extraordinary Resolution and when requested by a Warrantholder or a proxy representing a Warrantholder or if directed by the chair. On a poll, each Warrantholder shall have one vote for each Warrant of which it is the holder. Votes may be given in person or by proxy and a proxy holder need not be a Warrantholder. If, at any meeting, a poll is so demanded as set out above on the election of a chair or on a question of adjournment, it shall be taken forthwith. If, at any meeting, a poll is so demanded on any other question or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner, either at once or after an adjournment, as the chair directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Warrantholders. The chair of the meeting shall not have a casting vote.

(h) Declaration by Chairman: At any meeting of the Warrantholders, in cases where no poll is required or requested, a declaration made by the chair that a resolution has been carried, carried by a particular majority or lost shall be conclusive evidence thereof.

(i) Regulations: The Warrant Agent or the Corporation, with the approval of the Warrant Agent, may make and from time to time vary such regulations as it shall deem fit providing for and governing the conduct at meetings of Warrantholders. Any regulations so made shall be binding and effective and votes given in accordance therewith shall be valid and shall be counted.

Section 6.2 Powers Exercisable by Extraordinary Resolution

(a) Powers Exercisable: A meeting of the Warrantholders shall, in addition to any powers hereinbefore given or conferred on them by law, have the following powers, which shall be exercisable from time to time by Extraordinary Resolution, and the Warrant Agent shall act in respect of such matters only after receiving approval of such Extraordinary Resolution:

(i) to sanction any change whatsoever in any of the provisions of this Indenture or the Warrants and any modification, waiver, abrogation, alteration, compromise or arrangement of the rights of the Warrantholders or the Warrant Agent (provided that the Warrant Agent shall have given its prior written consent thereto) against the Corporation or against its undertaking, property and assets, whether such rights shall arise under this Indenture or the Warrants, which is consented to by the Corporation, and to authorize the Warrant Agent to concur in and execute any indenture supplemental to this Indenture embodying any such change, modification, waiver, abrogation, alteration, compromise or arrangement;

(ii) to sanction the release of the Corporation from its covenants and obligations hereunder;

(iii) to waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any of the provisions of this Indenture or the Warrants, either unconditionally or upon any conditions specified in such Extraordinary Resolution;

(iv) to sanction any winding up or scheme for the reorganization of the Corporation into or with any other corporation, or for the transferring, selling or leasing of the undertaking, property and assets or any part thereof of the Corporation, where the consent of the Warrantholders may be required thereto;

(v) to sanction the exchange of the Warrants for, or the exercise of the Warrants into, shares, debentures or bonds of any other corporation formed or to be formed;

(vi) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or securities of the Corporation, where the consent of the Warrantholders may be required thereto;

(vii) to restrain any holder of Warrants from taking or instituting any action or other proceeding for the execution of any trust or power hereunder, or for the appointment of any liquidator or receiver or receiver and manager, for a receiving order under bankruptcy legislation, or to have the Corporation wound up or for any other remedy hereunder, and to require such Warrantholder to waive any default by the Corporation on which any action or proceeding is founded, and, in case any action or other proceeding shall have been brought by any Warrantholder after the failure of the Warrant Agent to act, the power to direct such holder and the Warrant Agent to waive the default in respect of which such action or other proceeding shall have been brought upon payment of the costs, charges and expenses incurred in connection therewith, and to stay or discontinue or otherwise deal with any such action or other proceeding;

(viii) to require the Warrant Agent, subject to the funding and indemnity obligations under this Indenture, to exercise or refrain from exercising any of the powers, rights or authority conferred upon the Warrant Agent under this Indenture;

(ix) to remove the Warrant Agent and to appoint a new Warrant Agent to take the place of the Warrant Agent so removed;

(x) to amend, alter or repeal any Extraordinary Resolution previously passed;

(xi) from time to time to appoint a committee with power and authority, subject to such limitations, if any, as may be prescribed in the resolution, to exercise on behalf of the Warrantholders such of the powers of the Warrantholders exercisable by Extraordinary Resolution or other resolution as shall be included in such appointment. Such committee shall consist of such number of persons as may be prescribed in the resolution appointing it and the members need not be themselves Warrantholders. Every such committee may elect its chair, and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by resolutions signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Warrantholders and the Corporation, and the Warrant Agent shall be entitled to rely on actions taken by such committee. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(xii) to change the method, structure or procedures for voting or giving consents hereunder, including, without limitation, any change in the percentages required for voting or for consent to the taking of any action or the exercise of any power as provided in this Indenture; and power to take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(b) Powers Cumulative: The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of any one or more of such powers, or any combination of such powers from time to time, shall not be deemed to exhaust the rights of the Warrantholders to exercise such power or powers, or combination of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution pursuant to this Section 6.2 shall derogate in any way from any rights of the Corporation under or pursuant to this Indenture.

Section 6.3 **Persons Who May Attend**

The Corporation and the Warrant Agent by their respective officers, directors and employees, and Counsel to the Corporation and the Warrant Agent, may attend any meeting of the Warrantholders.

Section 6.4 **Minutes**

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

Section 6.5 **Instruments in Writing**

Any resolution or instrument signed in one or more counterparts by the holders of not less than the applicable percentage for such meeting or matter of the aggregate number of Warrants then outstanding shall have the same force and effect as a resolution duly passed at a meeting of the Warrantholders by the affirmative vote of such percentage of the votes cast thereat.

Section 6.6 **Binding Effect of Resolutions**

All resolutions, including an Extraordinary Resolution, adopted in accordance with the provisions hereof shall be binding upon all Warrantholders and upon each and every Warrantholder and such Warrantholder's respective heirs, executors, administrators, successors and assigns, whether present or absent, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent, subject to the provisions for its indemnity herein contained, shall be bound to give effect thereto accordingly. Except as herein expressly provided to the contrary, no action shall be taken at a meeting of the Warrantholders which changes any provision of this Indenture or any document pertaining to the subject matter of this Indenture or changes or prejudices the exercise of any right of any Warrantholder, except by Extraordinary Resolution and with the prior Written Consent of the Corporation.

Section 6.7 **Holdings by the Corporation and Subsidiaries Disregarded**

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Corporation or its Subsidiaries or in partnership of which the Corporation is directly or indirectly a party to shall be disregarded. The Corporation shall provide, upon the written request of the Warrant Agent, a certificate as to the registration particulars of any Warrants held by the Corporation.

ARTICLE 7
SUPPLEMENTAL INDENTURES

Section 7.1 **Supplemental Indentures**

(a) Subject to Article 6, from time to time the Corporation (when authorized by a resolution of the directors of the Corporation) and the Warrant Agent may and, subject to the provisions of this Indenture, when so directed by this Indenture, shall execute, acknowledge and deliver, deeds or indentures supplemental hereto, which thereafter shall form part hereof, or do and perform any other acts and things and execute and deliver any other documents, for any one or more of the following purposes:

(i) providing for the issuance of additional Warrants hereunder and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of Counsel, notwithstanding any provision to the contrary in Article 6 hereof;

(ii) evidencing the succession, or successive successions, of any other person to the Corporation and the assumption by such successor of the covenants and obligations of the Corporation under this Indenture;

(iii) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrant Certificates, or making any modification in the form of the Warrant Certificates which does not affect the substance thereof;

(iv) modifying any of the provisions of this Indenture or relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that no such modification or relief shall be or become operative or effective in such manner as to impair any of the rights of the Warrant Agent or to adversely affect the interests of Warrantholders, in the opinion of Counsel, without the approval by Warrantholders by Extraordinary Resolution and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative;

(v) implementing the provisions of any resolution of Warrantholders;

(vi) adding to the covenants of the Corporation herein contained for the protection of the Warrantholders;

(vii) setting forth the adjustments from the application of Article 2;

(viii) making such amendments, deletions or alterations hereto without the consent of the Warrantholders that may be considered necessary or desirable by the Corporation and its Counsel to give effect to any applicable law governing the rights and duties of the Warrant Agent; and

(ix) for any other purpose not inconsistent with the terms of this Indenture and which the Warrant Agent is satisfied, based on the advice of Counsel, acting reasonably, does not adversely affect the interests of the Warrantholders.

(b) The Warrant Agent may also, without the consent or concurrence of the Warrantholders, by supplemental indenture or otherwise, concur with the Corporation in making any changes or corrections in this Indenture as to which it shall have received advice from Counsel that such changes are non-substantive corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omission or mistake or manifest error contained herein or in any deed or indenture supplemental or ancillary hereto, provided that such change or correction does not adversely affect the interests of the Warrantholders.

Section 7.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety, the company (a "**successor company**") resulting from the amalgamation, consolidation, arrangement, merger, business combination or transfer (if not the Corporation) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Corporation and the successor company shall by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, expressly assume those obligations.

ARTICLE 8
CONCERNING THE WARRANT AGENT

Section 8.1 Applicable Legislation

(a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(b) The Corporation and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefits of Applicable Legislation.

Section 8.2 Rights and Duties of Warrant Agent

(a) No Trust: The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(b) Degree of Skill: In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(c) Conditions for Action: Subject to subsection 6.1(a), the Warrant Agent shall not be bound to do or give any notice or take any act, action or proceeding for the enforcement of any of the obligations of the Corporation under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding which the Warrant Agent is requested to take, nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and, in the absence of any such notice, the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default. Subject to the duties and obligations of the Warrant Agent under subsection 6.1(a), the obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its Counsel to protect and hold harmless the Warrant Agent and its officers, directors, employees and agents against the costs, charges and expenses and liabilities to be incurred thereby and any loss or damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any its duties or in the exercise of any rights or powers hereunder unless it is indemnified as contemplated by Section 8.10.

(d) Deposit of Warrant Certificates: The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrant Certificates held by them, for which Warrant Certificates the Warrant Agent shall issue deposit receipts.

(e) Entitlement Not to Act: Notwithstanding the foregoing provisions of this Section 8.1, the Warrant Agent shall be entitled at any time and from time to time to do or give any notice or take any act, action or proceeding to preserve and protect its interests or the interests of the Warrantholders under this Indenture as it reasonably deems necessary in the circumstances.

(f) Reliance by Warrant Agent: No duty shall rest with the Warrant Agent to determine compliance of the transferor or transferee with applicable securities laws. The Warrant Agent shall be entitled to assume, in the absence of evidence to the contrary, that all transfers are being made in accordance with applicable securities laws.

Section 8.3 Evidence, Experts and Advisers

(a) Additional Evidence: In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof in such form as may be prescribed by applicable laws, or as the Warrant Agent may reasonably require by written notice to the Corporation.

(b) Entitlement to Rely on Evidence: In the exercise of its rights, duties and obligations, the Warrant Agent may, if it is acting in good faith, rely, as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or other requirement of this Indenture or required by the Warrant Agent to be furnished to it in the exercise of its rights and duties under this Indenture, where such statutory declarations, opinions, reports or certificates comply with the requirements of this Indenture and the Warrant Agent examines such evidence and determines that such evidence indicates compliance with the applicable requirements of this Indenture.

(c) Proof of Execution: Proof of execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by the certificate of a notary public, or other officer with similar powers, that such person signing such instrument acknowledged to the Warrantholder the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(d) Use of Counsel: Subject to the provisions of Section 4.3, the Warrant Agent may employ such Counsel, agents and other experts as it may reasonably require for the proper discharge of its duties under this Indenture.

(e) Reliance on Counsel and Other Advisors: The Warrant Agent may, in relation to this Indenture, rely and act on the opinion, advice or information obtained from any Counsel, auditor, valuator, engineer, surveyor or other expert, whether obtained by the Warrant Agent or by the Corporation, and may employ such experts as may be necessary for the proper discharge of its duties or in the event of any questions as to any of the provisions hereof, and shall not be responsible for any negligent actions or misconduct of such experts. The cost of such services shall be added to and be part of the Warrant Agent's remuneration hereunder.

Section 8.4 Limitation of Warrant Agent's Duties

(a) The Warrant Agent shall have no duties except those which are expressly set forth herein and shall not be bound by any notice of a claim or demand with respect to, or any waiver, modification, amendment, termination or rescission of, this Indenture, unless received by it in writing and signed by the Corporation.

(b) In the event of any disagreement arising regarding the terms of this Indenture, the Warrant Agent shall be entitled, at its option, to refuse to comply with any or all demands whatsoever until the dispute is settled, either by agreement amongst the various parties or by a court of competent jurisdiction.

(c) The Warrant Agent shall not be liable for, or by reason of, any statements of fact or recitals in this Indenture or the Warrant Certificates, except the representations contained in Section 2.5, Section 8.5, Section 8.9 and in the certificate of the Warrant Agent on the Warrant Certificates, or be required to verify such statements of fact or recitals, but all such statements of fact or recitals are and shall be deemed to be made by the Corporation.

(d) Nothing herein shall impose any obligation on the Warrant Agent to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

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

(f) The Warrant Agent shall not be bound to give notice to any person of the execution hereof.

(g) The Warrant Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach of the part of the Corporation of any of the covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation.

(h) In this Indenture, whenever confirmation or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

Section 8.5 Conflict of Interest

The Warrant Agent represents to the Corporation that, at the time of the execution and delivery hereof, no material conflict of interest exists in the Warrant Agent's role hereunder and agrees, that in the event of a material conflict of interest arising hereafter, it will, within sixty (60) days after ascertaining that it has such material conflict of interest, either eliminate such conflict or resign as Warrant Agent in the manner and with the effect specified in Section 8.11. Forthwith after the Warrant Agent becomes aware that it has a material conflict of interest, it shall provide the Corporation and the Warrantholders with written notice of the nature of that conflict.

Section 8.6 Warrant Agent May Deal in Securities

Subject to Section 8.5, the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation (including, without limitation, Warrants) and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

Section 8.7 Warrant Agent Not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of its duties and powers accorded it under this Indenture.

Section 8.8 Counsel Fees Need Not Be Taxed

Whenever the Warrant Agent is authorized under this Indenture to employ Counsel, the fees of such Counsel need not be taxed (unless the Warrant Agent or the Corporation shall deem it necessary to tax such fees) but may be fixed by the Warrant Agent and paid as a lump sum. No fees paid in good faith by the Warrant Agent under the provisions of this Section 8.8 shall be disallowed in the taking of any accounts by reason only of the fact that such fees are greater than they might have been if such fees had been taxed or by reason of such fees not having been taxed, but such fees so paid by the Warrant Agent shall be allowed and reimbursed to the Warrant Agent by the Corporation.

Section 8.9 Authority to Carry on Business

The Warrant Agent represents to the Corporation that, at the date of execution and delivery by it of this Indenture, it is authorized to perform its obligations under this Indenture and to carry on the business of a transfer agent and trust company in the Province of Ontario. If, notwithstanding the provisions of this Section 8.9, the Warrant Agent ceases to be so authorized to perform its obligations under this Indenture or to carry on business, the validity and enforceability of this Indenture and the Warrants issued hereunder shall not be affected in any manner whatsoever by reason only of such event, but the Warrant Agent shall, within sixty (60) days after ceasing to be so authorized, either become so authorized or resign as Warrant Agent in the manner and with the effect specified in Section 8.11.

Section 8.10 Indemnification

The Corporation hereby indemnifies and saves harmless the Warrant Agent and its officers, directors, employees and agents to, from and against any and all liabilities, losses, expenses, disbursements, damages, costs, claims, actions or demands whatsoever, including reasonable legal or advisor fees and disbursements, which may be brought against the Warrant Agent or which it may suffer or incur as a result or arising out of the performance of its duties and obligations under this Indenture, save only in the event of the gross negligence, wilful misconduct or fraud of the Warrant Agent and its officers, directors, employees or agents. It is understood and agreed that this indemnification shall survive the termination of this Indenture and the removal or resignation of the Warrant Agent.

Section 8.11 Replacement of Warrant Agent

(a) Resignation: The Warrant Agent may resign as warrant agent under this Indenture after giving not less than sixty (60) days' prior notice in writing to the Corporation or such shorter period as the Corporation may accept as sufficient and shall resign in the circumstances described in Section 8.5 and Section 8.9. Upon such resignation, the Warrant Agent shall be discharged from all further duties and liabilities under this Indenture, provided, however, that no such resignation shall relieve or release the Warrant Agent of any liability on the part of the Warrant Agent existing as at the date of resignation or any claims or actions which the Warrantholders or the Corporation may have, pursuant to the provisions of this Indenture, against the Warrant Agent for its gross negligence, wilful misconduct or fraud which occurred prior to its resignation. If the Warrant Agent has a conflict of interest that requires the Warrant Agent to resign in accordance with Section 8.5, the validity and enforceability of this Indenture and the Warrants issued hereunder shall not be affected in any manner whatsoever by reason only of the existence of such conflict of interest. If the Warrant Agent contravenes this Indenture, any interested party may apply to the Ontario Superior Court of Justice or any other court of competent jurisdiction for an order that the Warrant Agent be removed and replaced as warrant agent hereunder.

(b) Appointment of Successor Warrant Agent: If the Warrant Agent resigns, is removed or dissolved, becomes bankrupt, goes into liquidation or otherwise becomes incapable of acting hereunder, the Corporation shall forthwith appoint a new Warrant Agent unless a new Warrant Agent has already been appointed by the Warrantholders. Failing such appointment by the Corporation, the retiring Warrant Agent or any Warrantholder may apply, at the Corporation's expense, to the Ontario Superior Court of Justice or any other court of competent jurisdiction, on such notice as such court may direct, for the appointment of a new Warrant Agent. Any new Warrant Agent so appointed by the Corporation or by the court shall be subject to removal by the Warrantholders pursuant to the provisions of this Indenture. Any new Warrant Agent appointed pursuant to this Section 8.11 shall be a trust company or a recognized transfer agent at arm's length with the Corporation or any affiliate of the Corporation and shall be subject to and be able to make the representations of the Warrant Agent in Section 2.5, Section 8.5 and Section 8.9. Upon any appointment of a new Warrant Agent, such new Warrant Agent shall be vested with the same powers, rights, duties and obligations as if it had been originally named as Warrant Agent, without any further assurance, conveyance, act or deed. There shall be immediately executed, at the expense of the Corporation, all such instruments, if any, as the new Warrant Agent may be advised by Counsel are necessary or advisable. At the request of the Corporation or the new Warrant Agent, the retiring Warrant Agent, upon payment of its outstanding fees and expenses, shall duly assign, transfer and deliver to the new Warrant Agent all property held and all records kept by the retiring Warrant Agent hereunder or in connection herewith.

(c) No Further Act for Merger or Sale: Any company into which the Warrant Agent may be merged or sold or with which it may be consolidated or amalgamated or any company resulting from any merger, consolidation or amalgamation to which the Warrant Agent shall be a party, or any company succeeding to the corporate trust business of the Warrant Agent, shall be the successor Warrant Agent under this Indenture without the execution of any instrument or any further act unless, in the opinion of Counsel, such action would be prudent, provided that such successor Warrant Agent shall be a trust company or a recognized transfer agent at arm's length with the Corporation or any affiliate of the Corporation and will be subject to and able to make the representations of the Warrant Agent in Section 2.5, Section 8.5 and Section 8.9.

(d) Name Change: In case at any time the name of the Warrant Agent is changed and at such time any of the Warrant Certificates have been countersigned but not delivered, the Warrant Agent may adopt the countersignature under its prior name and deliver Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates have not been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates will have the full force provided in the Warrant Certificates and in this Indenture.

Section 8.12 Privacy

Despite any other provision of this Indenture, no party hereto shall take or direct any action that would contravene, or cause the other to contravene, applicable federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**"). The Corporation shall, prior to transferring or causing to be transferred personal information to the Warrant Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Warrant Agent shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Warrant Agent agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

Section 8.13 Force Majeure

The Warrant Agent shall not be personally liable to the other parties, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

Section 8.14 Acceptance of Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become Warrantholders from time to time issued under this Indenture.

Section 8.15 Warrant Agent Not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver, a receiver and manager or a liquidator of all or any part of the assets or undertaking of the Corporation or any Subsidiary or any partnership of which the Corporation is directly or indirectly involved.

Section 8.16 Documents, Monies, Etc. Held by Warrant Agent

Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof, for the benefit of the Corporation, may be placed in the deposit vaults of the Warrant Agent or of any Schedule 1 Canadian chartered bank for safekeeping with any such bank or the Warrant Agent. All interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Corporation and shall be paid to the Corporation upon discharge of this Indenture.

Section 8.17 Application of Section

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Warrant Agent shall be subject to the provisions of this Article 8, and specifically the duties and obligations imposed on the Warrant Agent under subsection 8.2(a) .

ARTICLE 9
GENERAL

Section 9.1 Notice to the Corporation and the Warrant Agent

(a) Notices: Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by facsimile:

(i) if to the Corporation:

Sphere 3D Corporation
240 Matheson Blvd. East
Mississauga, Ontario L4Z 1X1
Facsimile: (905) 282-9966
Attention: T. Scott Worthington, Chief Financial Officer

with a copy (for information purposes only and not constituting notice) to:

Meretsky Law Firm
Barristers and Solicitors
Standard Life Centre
121 King Street West, Suite 2150
Toronto, Ontario M5H 3T9

Facsimile: (416) 943-0811
Attention: Jason D. Meretsky

(ii) if to the Warrant Agent:

Equity Financial Trust Company
200 University Avenue, Suite 300
Toronto, ON M5H 4H1

Facsimile: (416) 361-0470
Attention: Corporate Trust Services

and any such notice so delivered or transmitted shall be deemed to have been received on the date of delivery or transmittal, as the case may be, if that date is a Business Day and it is delivered or transmitted prior to 5:00 p.m. on such day, or the Business Day following the date of delivery or transmittal if such date is not a Business Day or it is delivered or transmitted after 5:00 p.m. on such day or, if mailed, shall be deemed to have been received on the fifth Business Day following the date of the postmark on such notice.

(b) Change of Address: The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in subsection (a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture. A copy of any notice of change of address given pursuant to subsection (a) shall be available for inspection at the principal stock transfer office of the Warrant Agent in the City of Toronto, Ontario by Warrantholders during normal business hours.

Section 9.2 Notice to the Warrantholders

Any notice to the Warrantholders or any notice to CDS which would reasonably be expected to be given to a CDS Participant under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail to the holders at their addresses appearing in the register of holders. Any notice so delivered or transmitted shall be deemed to have been received on the fifth (5th) Business Day following the date of the postmark on such notice. Accidental error or omission in giving notice or accidental failure to give notice to any Warrantholder shall not invalidate any action or proceeding founded thereon.

Section 9.3 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Warrant Agent or the Corporation would reasonably be unlikely to reach its destination in the ordinary course of mail, such notice shall be valid and effective only if delivered to an officer of the party to which it is addressed or if sent to such party, at the appropriate address in accordance with Section 9.1, by facsimile transmission or other means of prepaid transmitted or recorded communication.

In the case of Warrantholders, such notice may be given by means of publication in The Globe and Mail newspaper or, in the event of a disruption in the circulation of that newspaper, once in a daily newspaper in the English language of general circulation in Toronto, Ontario; provided that in the case of a notice convening a meeting of the Warrantholders, the Warrant Agent may require such additional publications of that notice, in the same or in other cities or both, as it may deem necessary for the reasonable notification of the Warrantholders or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

Section 9.4 **Third Party Interests**

The Corporation represents to the Warrant Agent that any account to be opened by, or interest to held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent prescribed form as to the particulars of such third party.

Section 9.5 **Satisfaction and Discharge of Indenture**

Upon the earlier of (i) the date by which there shall have been delivered to the Warrant Agent for exercise or cancellation in accordance with the provisions hereof all Warrants theretofore certified hereunder; or (ii) the Time of Expiry, this Indenture, except to the extent that Warrant Shares and certificates therefor have not been issued (to the extent certificates are required to be issued) and delivered hereunder or the Corporation has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Corporation, and the Warrant Agent, on written demand of and at the cost and expense of the Corporation, and upon delivery to the Warrant Agent of a Certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Corporation's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Corporation against the Warrant Agent.

Section 9.6 **Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders**

Except as provided in Section 5.2 and Section 5.3, nothing in this Indenture or the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

Section 9.7 **Indenture to Prevail**

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Warrant Certificate, the terms of this Indenture will prevail.

Section 9.8 **Assignment**

Neither this Indenture nor any benefits or burdens under this Indenture shall be assignable by the Corporation or the Warrant Agent without the prior written consent of the other parties, which consent shall not be unreasonably withheld. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the Corporation and the Warrant Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

Section 9.9 Counterparts and Formal Date

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture. Such executions may be transmitted to the parties hereby by facsimile, email or other electronic delivery methods (including in electronic portable document format (.pdf), and any such execution shall have the fully force and effect of an original signature.

[Remainder of page is intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

EQUITY FINANCIAL TRUST COMPANY

By: "*Kathy Thorpe*"
Kathy Thorpe
Senior Trust Officer

By: "*Donald Crawford*"
Donald Crawford
Corporate Trust Officer

SCHEDULE “A”

FORM OF WARRANT CERTIFICATE

“THESE WARRANTS AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS IS AVAILABLE. THE TERMS “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT.”

IF THE WARRANTS ARE REPRESENTED BY A GLOBAL WARRANT, UPON EXERCISE THEREOF, THE HOLDER WILL BE DEEMED TO REPRESENT, WARRANT AND CERTIFY, AT THE TIME OF EXERCISE OF THE WARRANTS, THAT THE HOLDER IS NOT IN THE UNITED STATES, IS NOT A “U.S. PERSON” AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND IS NOT EXERCISING THE WARRANTS FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES, WAS NOT OFFERED AND DID NOT ACQUIRE THE WARRANTS IN THE UNITED STATES, AND DID NOT EXECUTE OR DELIVER THE SUBSCRIPTION FORM IN THE UNITED STATES. IF THE HOLDER CANNOT MAKE THESE REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS, THE WARRANTS MUST BE WITHDRAWN FROM THE GLOBAL WARRANT AND ISSUED IN FULLY REGISTERED FORM.

[Include on Warrant Certificate issued in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States: THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”]

WARRANTS TO PURCHASE COMMON SHARES
OF SPHERE 3D CORPORATION

CUSIP: 84841Q117
ISIN: CA84841Q1173

Certificate Number: W-•

Representing • Warrants to purchase
• Common Shares

THIS IS TO CERTIFY THAT, for value received, ______________________________(the "**holder**") is entitled at any time at or before 5:00 p.m. (Toronto time) on November 12, 2015 (the "**Time of Expiry**") to acquire, subject to adjustment in certain events, one (1) common share ("**Common Shares**") of Sphere 3D Corporation (the "**Corporation**") for each Warrant held, by surrendering to Equity Financial Trust Company (the "**Warrant Agent**") at its principal office in Toronto, Ontario, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of $4.50 per Common Share (the "**Exercise Price**") by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Corporation at par at the above-mentioned office of the Warrant Agent. After the Effective Date, in the event that the trading price of the Common Shares on the TSX Venture Exchange (or other principal stock exchange on which the Common Shares are listed or quoted and trading) for any period of at least ten (10) consecutive trading days is $6.00 or more, the Corporation may, within five (5) Business Days after such event, provide notice (the "**Acceleration Notice**") to the Warrantholders of early expiry and thereafter, the Warrants will expire on the date (the "**Accelerated Expiry Date**") which is not less than twenty (20) trading days from the date on which the Acceleration Notice is given to the holders pursuant to the Warrant Indenture. All Warrants that remain unexercised following the Accelerated Expiry Date shall immediately expire and all rights of holders of such Warrants shall be terminated without any compensation to such holder.

The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder. No Warrant Certificate representing fractional Warrants will be issued. By acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in Toronto, Ontario.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Exercise Price, the Corporation shall cause to be issued to the person(s) in whose name(s) the Common Shares so subscribed for are directed to be issued (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program) and the holder shall pay to the Corporation or the Warrant Agent all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Corporation or the Warrant Agent the amount of such tax (or shall have satisfied the Corporation that such tax has been paid or that no tax is due) the number of Common Shares to be issued to such person(s) and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate, the Corporation shall cause the Transfer Agent to issue a certificate(s) representing such Common Shares to be issued within three Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

Neither the Warrants represented by this Warrant Certificate nor the Common Shares issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Warrants may not be exercised in the United States or by or on behalf of, or for the account or benefit of, a "U.S. person" or a person in the "United States" (as defined by Regulation S under the U.S. Securities Act) unless an exemption is available from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states.

This Warrant Certificate represents Warrants of the Corporation issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of November 12, 2013, between the Corporation and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Corporation and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture. A copy of the Warrant Indenture will be available for inspection at the principal office of the Warrant Agent in Toronto, Ontario. **In the event of any conflict between the provisions contained in this Warrant Certificate and the provisions of the Warrant Indenture, the provisions of the Warrant Indenture shall prevail.**

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form reasonably satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution reasonably satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrant Certificates representing in the aggregate the same number of Warrants. The Corporation and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Exercise Price in certain events therein set forth.

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

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Corporation may from time to time at any time prior to the Time of Expiry purchase any of the Warrants by private agreement or otherwise on such terms and conditions and at such price as the Corporation may in its sole discretion determine.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

IN WITNESS WHEREOF THE CORPORATION has caused this Warrant Certificate to be signed by its officers or other individuals duly authorized in that behalf as of the 12th day of November, 2013.

SPHERE 3D CORPORATION

Per:__________________________________
Authorized Signing Officer

This Warrant Certificate is one of the Warrant Certificates referred to in the Warrant Indenture.

Countersigned this • day of •, 20__.

EQUITY FINANCIAL TRUST COMPANY

Per:__________________________________
Authorized Signing Officer

EXERCISE FORM

TO: SPHERE 3D CORPORATION

c/o Equity Financial Trust Company
200 University Avenue, Suite 300
Toronto, Ontario, M5H 4H1

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for ____________________Common Shares of Sphere 3D Corporation (the "**Corporation**") at the Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Warrant Indenture and encloses herewith a certified cheque, bank draft or money order payable at par in the City of Toronto, Ontario to the order of "Sphere 3D Corporation" in payment of the subscription price of the Common Shares hereby subscribed for.

The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

[ ] A The undersigned holder (i) at the time of exercise of the Warrants is not in the United States and is not exercising the Warrants on behalf of a person in the United States; (ii) at the time of exercise of the Warrants is not a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")) and is not exercising the Warrants on behalf of a U.S. person; and (iii) did not execute or deliver this exercise form in the United States.

[ ] B The undersigned holder (i) purchased Units comprising Common Shares and Warrants for its own account or the account of another "accredited investor" (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act) ("**Accredited Investor**"); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; and (iii) each of it and such other person, if any, was an Accredited Investor on the date the Units were acquired from the Corporation and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Corporation in connection with the acquisition of the Units in such offering remain true and correct on the date hereof.

[ ] C. The undersigned holder has delivered to the Corporation a written opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state laws is available for the issue of the Common Shares issuable upon exercise of the Warrants. (Note: If this box is to be checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with exercise will be reasonably satisfactory in form and substance to the Corporation.)

The undersigned hereby directs that the said Common Shares be issued as follows:

Name(s) in Full	**Address(es)**	**Number of Common Shares**

Certificates representing Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked.

The undersigned holder understands that unless Box A above is checked, the certificates representing the Warrant Shares issued upon exercise of the Warrants will bear a legend, as set forth in Section 2.3 of the Warrant Indenture, restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available.

(If securities are issued to a person other than the registered Warrantholder, the holder must pay to the Warrant Agent all exigible taxes and the signature of the holder must be guaranteed by a Canadian Schedule I chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program).

DATED this ______day of _______________, 20______.

Signature of the Warrantholder

guaranteed by:

____
Signature of Warrantholder

____
Print Name of Warrantholder

____
Authorized Signature Number

____
Print name of authorized signatory if Warrant holder
is not an individual

____

____
Address of Warrantholder

[ ] **Please check this box if the securities are to be delivered at the office where Warrants are surrendered, failing which the securities will be mailed.**

NOTES:

(1) The signature to this exercise form must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatsoever.

(2) If this exercise form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Warrant Certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

____
(Transferee)

____
(Address)

____
(Social Insurance Number)

_______________________________of the Warrants registered in the name of the undersigned transferor represented by the Warrant Certificate and hereby irrevocably appoints _______________________________the attorney of the undersigned to transfer such Warrants on the books or register of transfer of the Warrant Agent with full power of substitution.

The undersigned hereby certifies that the Warrants are being sold, assigned or transferred in accordance with applicable securities laws covering any such transaction.

DATED this day of _______________, 20____

Signature of the Warrantholder

guaranteed by:

____
Signature of Warrantholder

____
Print Name of Warrantholder

____
Authorized Signature Number

____
Print name of authorized signatory if Warrant holder
is not an individual

____

____
Address of Warrantholder

NOTES:

(1) The signature to this transfer must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Canadian Schedule I chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

(2) If this transfer form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Warrant Certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

(3) Warrants shall only be transferable in accordance with the Warrant Indenture between Sphere 3D Corporation (the "**Corporation**") and Equity Financial Trust Company (the "**Warrant Agent**") dated as of November 12, 2013, applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Warrant Certificate bears a legend restricting the transfer of the Warrants except pursuant to an exemption from registration under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and applicable state securities laws, and the Warrants are to be transferred outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend demonstrating compliance with an exemption or exclusion from the registration requirements of the U.S. Securities Act, together with such other documents or instruments as the Corporation or the Warrant Agent may require, which may include an opinion of counsel of recognized standing, reasonably satisfactory to the Corporation, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

SCHEDULE B

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Equity Financial Trust Company

as registrar and transfer agent for the securities of Sphere 3D Corporation

The undersigned (A) acknowledges that the sale of securities of Sphere 3D Corporation (the "**Corporation**") represented by certificate no.________________to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and (B) certifies that: (1) the undersigned is not an "affiliate" (as that term is defined in Rule 405 under the U.S. Securities Act) of the Corporation; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the TSX Venture Exchange or any other designated offshore securities market as defined in Regulation S under the U.S. Securities Act and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as that term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace such securities with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated ____________________________, 20____.

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

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

____
Name of Holder (please print)

____
Name of authorized signatory (please print)

____
Official capacity of authorized signatory (please print)

FORM OF BROKER-DEALER ACKNOWLEDGEMENT

TO: Sphere 3D Corporation
240 Matheson Blvd. East
Mississauga, ON
L4Z 1X1

AND TO: Equity Financial Trust Company, as registrar and transfer agent for the [warrants] of Sphere 3D Corporation

Dear Sir/Madam:

Re: Sale of Securities Pursuant to Rule 904 of Regulation S

We have read the representations of _____________(the "**Seller**") dated ____________, 20__, pursuant to which the Seller has requested that we sell, for the Seller's account, _______[warrants] represented by certificate number ______(the "**Securities**") of Sphere 3D Corporation (the "**Company**"). We have executed or will execute, as applicable, sales of the Securities pursuant to and in compliance with Rule 904 of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended, on behalf of the Seller. In that connection, we hereby represent, warrant and covenant to each of you and your respective counsel as follows:

(1) no offer to sell the Securities was made or will be made to a person in the United States;

(2) the sale of the Securities was or will be executed in, on or through the facilities of the Toronto Stock Exchange or another "designated offshore securities market" on _________, 20__, and, to the best of our knowledge, the sale was not and will not be pre-arranged with a buyer in the United States or a U.S. person;

(3) no "directed selling efforts" were or will be made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and

(4) we have done and will do no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations, "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned. "Directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities. This would include, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States. "United States" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia. Terms not otherwise defined herein shall have the meanings given them by Regulation S.

Legal counsel to the Company shall be entitled to rely upon the representations, warranties and covenants contained in this letter to the same extent as if this letter had been addressed to them, it being agreed that such representations, warranties and covenants shall be deemed to be made both as of the date of this letter and at the time of the sale of the Securities.

Yours truly,

____

By: ___________________________

Title: __________________________

UNDERWRITING AGREEMENT

November 12, 2013

Sphere 3D Corporation
240 Matheson Blvd. East
Mississauga, Ontario L4Z 1X1

Attention: Peter Tassiopoulos, Chief Executive Officer

Dear Sir:

Cormark Securities Inc. ("**Cormark**"), Paradigm Capital Inc. and Jacob Securities Inc. (together with Cormark, the "**Underwriters**") hereby offer to purchase, severally and not jointly, from Sphere 3D Corporation (the "**Corporation**") (with the right to substitute purchasers which are approved by the Corporation as set forth herein), and the Corporation agrees to issue and sell to the Underwriters, 1,250,000 units of the Corporation (the "**Units**") at a price of $3.35 per Unit (the "**Offering Price**"). Each Unit consists of one common share in the capital of the Corporation (a "**Common Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one additional Common Share (a "**Warrant Share**") at a price of $4.50 at any time prior to 5:00 p.m. (Toronto time) on the date that is 24 months following the Closing Date (as defined herein) (the "**Expiry Date**"). Commencing on the Closing Date, in the event that the Common Shares trade on the Exchange (as defined herein) (or other principal exchange or market where the Common Shares are listed or quoted for trading) at a trading price of $6.00 or more for a period of at least ten consecutive trading days, the Corporation shall be entitled to accelerate the exercise period to a period ending not less than 20 trading days from the date notice of such acceleration (the "**Acceleration Notice**") is provided to the holders of Warrants. The offering of the Units by the Corporation is hereinafter referred to as the "**Offering**".

It is understood that the sale of the Units to the Purchasers (as defined herein) will take place only: (i) in each of the provinces of Canada (the "**Offering Jurisdictions**"); (ii) in the United States in transactions that are exempt from registration under the U.S. Securities Act (as defined herein) and applicable state securities laws; and (iii) in jurisdictions other than Canada and the United States as may be agreed to by the Corporation, acting reasonably, provided that the Corporation is not required to file a prospectus, registration statement or other disclosure document or become subject to continuing obligations in such other jurisdictions, in each case in accordance with the provisions of this Agreement (as defined herein).

Interpretation

Unless expressly provided otherwise, where used in this Agreement or any schedule hereto, the following terms shall have the following meanings, respectively:

"**Acceleration Notice**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Agreement**" means the agreement resulting from the acceptance hereof by the Corporation;

"**Applicable IP Laws**" means all applicable federal, provincial, state and local laws and regulations applicable to Intellectual Property in Canada, the United States and the jurisdictions in which the Corporation has registered Intellectual Property;

"**Applicable Securities Laws**" means, collectively, the applicable securities laws of the Offering Jurisdictions, the regulations, rules, rulings and orders made thereunder, the applicable published policy statements issued by the Securities Commissions thereunder and the securities legislation and published policies of each other jurisdiction (including, without limitation, the United States) the securities laws of which are applicable to the sale of the Units on the terms and conditions set out in this Agreement;

“**Board**” means the board of directors of the Corporation;

“**Business Day**” means any day except Saturday, Sunday or a statutory holiday in Toronto, Ontario;

“**CIPO**” means the Canadian Intellectual Property Office;

“**Closing**” means the completion of the issue and sale by the Corporation of the Units pursuant to this Agreement and the Subscription Agreements;

“**Closing Date**” means the date of the Closing, namely November 12, 2013, or such other date as the Underwriters and the Corporation may agree;

“**Common Shares**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Compensation Option Certificates**” means the form of certificates to be issued by the Corporation to evidence the Compensation Options;

“**Compensation Options**” has the meaning ascribed thereto in subsection 2(c);

“**Compensation Securities**” has the meaning attributed thereto in Section 3;

“**Compensation Shares**” has the meaning ascribed thereto in subsection 2(c);

“**Compensation Unit**” has the meaning ascribed thereto in subsection 2(c);

“**Compensation Warrant**” has the meaning ascribed thereto in subsection 2(c);

“**Compensation Warrant Share**” has the meaning ascribed thereto in subsection 2(c);

“**Continuing Underwriters**” has the meaning ascribed thereto in Section 14;

“**Cormark**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Corporation**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Corporation IP**” means the Intellectual Property that has been developed by or for or is being developed by or for the Corporation and/or a Subsidiary or that is being used by the Corporation and/or a Subsidiary, other than Licensed IP;

“**Disclosure Documents**” means, collectively, all of the documentation which has been filed by or on behalf of the Corporation with the relevant securities regulatory authorities pursuant to the requirements of Applicable Securities Laws;

“**Environmental Laws**” has the meaning ascribed thereto in subsection 4(ii);

“**Environmental Permits**” has the meaning ascribed thereto in subsection 4(jj);

“**Exchange**” means the TSX Venture Exchange;

“**Exchange Letter**” means the letter dated October 29, 2013 from the Exchange conditionally approving the Offering;

“**Expiry Date**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Financial Statements**” has the meaning ascribed thereto in subsection 4(h);

“**Gross Proceeds**” means the gross proceeds raised from the sale of the Units;

“**Hazardous Substances**” has the meaning ascribed thereto in subsection 4(ii);

“**IFRS**” means International Financial Reporting Standards;

“**Indemnified Party**” has the meaning ascribed thereto in Section 12;

“**Intellectual Property**” means all trade or brand names, business names, trademarks, service marks, copyrights, patents, patent rights, licenses, industrial designs, know-how (including trade secrets and other unpatented or unpatentable proprietary or confidential information, systems or procedures), computer software inventions, designs and other industrial or intellectual property of any kind or nature whatsoever;

“**knowledge**” means, as it pertains to the Corporation, the actual knowledge of the executive officers of the Corporation in office as at the date of this Agreement, together with the knowledge which they would have had if they had conducted a diligent inquiry into the relevant subject matter;

“**Letter Agreement**” means the letter agreement dated October 24, 2013 between the Corporation and Cormark;

“**Licensed IP**” means the Intellectual Property owned by any person other than the Corporation and the Subsidiaries and which the Corporation and/or a Subsidiary uses;

“**material adverse change**” or “**material adverse effect**” means any change or effect on the Corporation and the Subsidiaries or their respective businesses that is or is reasonably likely to be materially adverse to the results of operations, financial condition, assets, properties, capital, liabilities (contingent or otherwise), cash flow, income or business operations of the Corporation and the Subsidiaries and their respective businesses, taken as a whole on a consolidated basis, after giving effect to this Agreement and the transactions contemplated hereby or that is or is reasonably likely to be materially adverse to the completion of the transactions contemplated by this Agreement;

“**Material Agreement**” means any material indebtedness, note, indenture, mortgage, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or a Subsidiary is a party or by which the Corporation, a Subsidiary or a material portion of the assets of the Corporation or a Subsidiary is bound;

“**material fact**” means a material fact for the purposes of Applicable Securities Laws or any of them or, where undefined under Applicable Securities Laws of a jurisdiction, means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Corporation’s securities;

“**misrepresentation**” means a misrepresentation for the purposes of Applicable Securities Laws or any of them or where undefined under Applicable Securities Laws of a jurisdiction means: (i) an untrue statement of a material fact; or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities*;

"**NI 45-106**" means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

"**OFAC**" has the meaning ascribed thereto in subsection 4(iii);

"**Offering**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Offering Jurisdictions**" has the meaning ascribed thereto in the second paragraph of this Agreement;

"**Offering Price**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Permits**" has the meaning ascribed thereto in subsection 4(mm);

"**person**" includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust, investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

"**Private Placement Exemption**" means (i) the "accredited investor" exemption under Section 2.3 of NI 45-106, or (ii) the "minimum amount investment" exemption under Section 2.10 of NI 45-106;

"**Purchasers**" means, collectively, those persons who are purchasing the Units as contemplated herein, including Substituted Purchasers and/or the Underwriters;

"**Refusing Underwriter**" has the meaning ascribed thereto in Section 14;

"**Registered Corporation IP**" means all Corporation IP that is the subject of registration with a national intellectual property office (including, without limitation, the CIPO and the USPTO) for intellectual property or applications for such registration with a national Intellectual Property office;

"**Regulation D**" means Regulation D adopted by the U.S. Securities Exchange Commission under the U.S. Securities Act;

"**Regulation S**" means Regulation S adopted by the U.S. Securities Exchange Commission under the U.S. Securities Act;

"**Relevant Proportions**" has the meaning ascribed thereto in Section 14;

"**Securities Commissions**" means the applicable securities regulatory authorities in the Offering Jurisdictions;

"**Subscription Agreements**" means, collectively, the subscription agreements in the forms agreed to between the Corporation and the Underwriters to be entered into between the Substituted Purchasers and the Corporation in respect of the Offering, as amended or supplemented;

"**Subsidiaries**" means, collectively, Sphere 3D Inc. and Frostcat Technologies Inc.;

"**Substituted Purchasers**" has the meaning ascribed thereto in Section 1(a);

“**Taxes**” has the meaning ascribed thereto in subsection 4(j);

“**Time of Closing**” means 10:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Corporation and the Underwriters may agree;

“**Transfer Agent**” means the registrar and transfer agent of the Corporation, namely TMX Equity Transfer Services Inc.;

“**Underwriters**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Underwriting Fee**” has the meaning ascribed thereto in subsection 2(a);

“**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“**United States Purchaser**” means a Purchaser who is in the United States or purchasing for the account or benefit of a person in the United States or a U.S. Person;

“**Units**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**U.S. Person**” means a “U.S. person” as that term is defined in Rule 902(k) of Regulation S;

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

“**USPTO**” means the United States Patent and Trademark Office;

“**Warrant Indenture**” means the warrant indenture between TMX Equity Financial Services Inc. and the Corporation dated November 12, 2013 in connection with the registration and issuance of the Warrants;

“**Warrant Shares**” has the meaning ascribed to such term in the first paragraph of this Agreement; and

“**Warrants**” has the meaning ascribed to such term in the first paragraph of this Agreement.

The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement. Unless otherwise expressly provided, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

If any provision of this Agreement shall be adjudged by a competent authority to be invalid or for any reason unenforceable, such invalidity or unenforceability shall not affect the validity, enforceability or operation of any other provision herein.

The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule “A” – United States Offers and Sales

Schedule “B” – List of Convertible Securities

Schedule “C” – Disclosure Statement

1. **Nature of Transaction**

(a) The Corporation understands that although the offer to purchase the Units is being made by the Underwriters as Purchaser, the Underwriters will endeavour to arrange for substituted purchasers (collectively, the "**Substituted Purchasers**") for the Units in the Offering Jurisdictions, subject to acceptance by the Corporation, acting reasonably, of the Subscription Agreements. The Underwriters acknowledge that, subject to the conditions contained in Section 6 being satisfied and subject to the rights of the Underwriters contained in Section 9, the Underwriters are obligated to purchase or cause to be purchased all of the Units and that such obligation is not subject to the Underwriters being able to arrange for Substituted Purchasers.

(b) Each Purchaser resident in Canada shall purchase the Units under a Private Placement Exemption. The Underwriters will notify the Corporation with respect to the identity of any Purchaser as soon as practicable and with a view to leaving sufficient time to allow the Corporation to secure compliance with all relevant regulatory requirements of the applicable Offering Jurisdictions relating to the sale of the Units. The Corporation undertakes to file or cause to be filed all forms or undertakings required to be filed by the Corporation and to pay all filing fees in connection with the purchase and sale of the Units so that the distribution of such securities may lawfully occur without the necessity of filing a prospectus or an offering memorandum in Canada or comparable document in any other jurisdiction. The Underwriters undertake to use commercially reasonable efforts to cause Purchasers to complete any forms required by Applicable Securities Laws if so required.

(c) Any offer and sale of Units in the United States or for the account or benefit of any person in the United States or a U.S. Person shall be made pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws and in accordance with the terms and conditions set out in Schedule "A" to this Agreement. The Corporation and the Underwriters shall, and the Underwriters shall cause their respective U.S. broker-dealer affiliate through which sales of Units in the United States or for the account or benefit of a person in the United States or a U.S. Person are to be effected to, comply with the terms and conditions set out therein.

(d) The Corporation understands and, subject to its prior agreement as to the particular Substituted Purchasers, acting reasonably, agrees that the Underwriters may arrange for Purchasers of the Units in jurisdictions other than Canada and the United States, on a private placement basis and pursuant to Rule 903 of Regulation S, provided that the sale of such Units does not contravene Applicable Securities Laws of the jurisdiction where the Purchaser is resident and provided that such sale does not trigger: (i) any obligation to prepare and file a prospectus, registration statement or similar disclosure document; or (ii) any registration, filing or other obligation on the part of the Corporation including, but not limited, to any continuing obligation in that jurisdiction.

(e) If physical certificates representing the Common Shares forming part of the Units and the certificates representing the Warrants are issued and delivered to Purchasers at Closing, such certificates shall contain such restrictive legends as are set forth in the Subscription Agreements as applicable to: (i) Purchasers resident in Canada or outside the United States; and (ii) United States Purchasers, respectively.

2. **Underwriters' Compensation**

(a) In consideration for the performance of its obligations hereunder, the Corporation shall, subject to the provisions of this Agreement, pay to the Underwriters an aggregate fee (the "**Underwriting Fee**") equal to 6% of the Gross Proceeds.

(b) The Underwriters may retain one or more registered securities brokers or investment dealers to act as selling agent in connection with the sale of the Units but the compensation payable to such selling agent shall be the sole responsibility of the Underwriters, and only as permitted by and in compliance with all Applicable Securities Laws, upon the terms and conditions set forth in this Agreement, and the Underwriters will require each such selling agent to so agree.

(c) In addition to the Underwriting Fee, as additional consideration for the performance of its obligations hereunder, the Corporation shall issue to the Underwriters (in such name or names as the Underwriters may direct in writing, provided that no such issue will be made in the United States or to or for the benefit or account of U.S. Persons) at the Time of Closing on the Closing Date, compensation options (the "**Compensation Options**") entitling the Underwriters to purchase, in the aggregate, that number of Units equal to 8% of the aggregate number of Units sold hereunder. Each Compensation Option shall be exercisable for one Unit (each, a "**Compensation Unit**") at any time prior to 5:00 p.m. (Toronto time) on the Expiry Date at the Offering Price. Each Compensation Unit shall consist of one Common Share (a "**Compensation Share**") and one-half of one Warrant (each whole Warrant, a "**Compensation Warrant**"). Each Compensation Warrant will entitle the holder thereof to acquire one additional Common Share (a "**Compensation Warrant Share**") at a price of $4.50 at any time prior to 5:00 p.m. (Toronto time) on the Expiry Date. Commencing on the Closing Date, in the event that the Common Shares trade on the Exchange (or other principal exchange or market where the Common Shares are listed or quoted for trading) at a trading price of $6.00 or more for a period of at least ten consecutive trading days, the Corporation shall be entitled to accelerate the exercise period to a period ending not less than 20 trading days from the date such Acceleration Notice is provided to the holders of Compensation Warrants. In the event the Acceleration Notice is provided by the Corporation, all Compensation Warrants that remain unexercised following 5:00 p.m. (Toronto time) on a date that is not less than twenty (20) trading days from the date the Acceleration Notice is given shall immediately expire and all rights of holders of such Compensation Warrants shall be terminated without any compensation to the holder thereof. For greater certainty, the Compensation Share portion of the Compensation Unit shall not be subject to accelerated vesting and shall be exercisable in accordance with the terms thereof on or before the Expiry Date.

3. **Covenants and Certification of the Underwriters**

The Underwriters covenant, severally and not jointly, with the Corporation that they will:

(a) conduct activities in connection with arranging for Purchasers of the Units in compliance with Applicable Securities Laws;

(b) not deliver to any prospective Purchaser any document or material which constitutes an offering memorandum under Applicable Securities Laws;

(c) not solicit offers to purchase or sell the Units so as to require registration thereof or filing of a prospectus with respect thereto or continuing obligations on the part of the Corporation under the laws of any jurisdiction except for the filing of a notice or report of the solicitation or sale;

(d) obtain from each Substituted Purchaser an executed Subscription Agreement, together with all documentation as may be necessary in connection with subscriptions for the Units;

(e) refrain from any form of general advertising or any form of general solicitation in connection with the Offering in: (A) printed media of general and regular circulation or any similar medium; (B) radio; (C) television; or (D) electronic media or conduct any seminar or meeting concerning the offer and sale of the Units whose attendees have been invited by any form of general solicitation or general advertising, and not make use of any green sheet or other internal marketing document without the written consent of the Corporation, such consent to be promptly considered and not to be unreasonably withheld or delayed; and

(f) comply with, and ensure that they and their selling agents and their respective directors, officers, employees and affiliates comply with all Applicable Securities Laws and the terms and conditions set forth in this Agreement.

Each of the Underwriters hereby certifies that it is an “accredited investor” as defined under NI 45-106 by virtue of being a company registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer (other than a limited market dealer) and is acquiring the Compensation Options as principal for its own account and not for the benefit of any other person.

The Underwriters acknowledge that the Compensation Options, the Compensation Shares, the Compensation Warrants and the Compensation Warrant Shares (collectively, the “**Compensation Securities**”) have not been and will not be registered under the U.S. Securities Act, and the Compensation Options may not be exercised in the United States or by, or for the account or benefit of, any U.S. Person or person in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act. In connection with the issuance of the Compensation Securities, as the case may be, each of the Underwriters represents and warrants that (i) it is not a U.S. Person and it is not acquiring the Compensation Securities in the United States, or on behalf of a U.S. Person or a person located in the United States, (ii) this Agreement was executed and delivered outside the United States and (iii) it is acquiring the Compensation Securities, as principal for its own account and not for the benefit of any other person. The Underwriters agree that they will not engage in any Directed Selling Efforts (as defined in Schedule “A”) with respect to any Compensation Securities.

4. **Representations and Warranties of the Corporation**

The Corporation hereby represents and warrants to the Underwriters (on their own behalf and on behalf of each of the Purchasers) that as at the date hereof:

(a) the Corporation has been duly incorporated and is validly existing under the laws of its governing jurisdiction, has all requisite power and authority and is duly qualified to carry on its business as now conducted and to own or lease its properties and assets and the Corporation has all requisite corporate power and authority to carry out its obligations under this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates;

(b) other than as set forth in Schedule "C", to the knowledge of the Corporation, no agreement is in force or effect which in any manner affects the voting or control of any of the securities of the Corporation;

(c) the Corporation does not beneficially own or exercise control or direction over 10% or more of the outstanding voting shares of any company other than the Subsidiaries and all of the issued and outstanding shares of each of the Subsidiaries are issued as fully paid and non-assessable shares, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no person, firm or corporation has any agreement, option, right or privilege (whether present or future, contingent or absolute, pre-emptive or contractual) capable of becoming an agreement, for the purchase from the Corporation or the Subsidiaries of any interest in any of the shares or for the issue or allotment of any unissued shares in the capital of the Subsidiaries or any other security convertible into or exchangeable for any such shares;

(d) each Subsidiary has been duly incorporated and is validly existing under the laws of its governing jurisdiction, has all requisite corporate power and authority and is duly qualified to carry on its business as now conducted and to own or lease its properties and assets;

(e) all consents, approvals, permits, authorizations or filings as may be required under Applicable Securities Laws necessary for the execution and delivery of this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates and the issuance of the Common Shares forming part of the Units, the Warrant Shares, the Compensation Shares and the Compensation Warrant Shares, and the completion of the transactions contemplated hereby, have been made or obtained, as applicable, subject to certain specified conditions and exceptions contained in the Exchange Letter and the Corporation filing with the Securities Commissions, within 10 days from the date of the sale of the Units, a Form 45-106F1 (and, if applicable, a Form 45-106F6) prepared and executed in accordance with Applicable Securities Laws and accompanied by the prescribed fees and fee checklist form, if any, the Corporation filing with the U.S. Securities and Exchange Commission a notice on Form D within 15 days after the first sale of Units in the United States and all amendments required to be filed as a result of subsequent sales of Units in the United States, and the Corporation filing within prescribed time periods any notices required to be filed with state securities authorities under applicable blue sky laws in connection with any securities sold pursuant to Rule 506(b) of Regulation D promulgated under the U.S. Securities Act, to the extent applicable;

(f) the currently issued and outstanding Common Shares are listed and posted for trading on the Exchange and no order ceasing or suspending trading in any securities of the Corporation or prohibiting the trading of any of the Corporation's issued securities has been issued and no proceedings for such purpose are pending or, to the knowledge of the Corporation, threatened;

(g) the definitive form of certificate representing the Common Shares is in proper form under the laws of the province of Ontario and complies with the requirements of the Exchange and does not conflict with the constating documents of the Corporation;

(h) the audited financial statements of the Corporation for the fiscal year ended December 31, 2012 and the unaudited interim financial statements of the Corporation for the three and six month periods ended June 30, 2013 (collectively, the "**Financial Statements**") (i) have been prepared in accordance with the requirements of IFRS, consistently applied throughout the periods referred to therein; (ii) present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise) of the Corporation as at such dates and results of operations of the Corporation for the periods then ended; and (iii) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation, and there has been no change in accounting policies or practices of the Corporation since the date of the Financial Statements;

(i) the Corporation has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to such shares;

(j) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by each of the Corporation and the Subsidiaries have been paid; all tax returns, declarations, remittances and filings required to be filed by each of the Corporation and the Subsidiaries have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading; to the knowledge of the Corporation, no examination of any tax return of the Corporation or any Subsidiary is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Corporation or any Subsidiary;

(k) the auditors of the Corporation who audited the financial statements of the Corporation for the fiscal year ended December 31, 2012 and who provided their audit report thereon are independent public accountants as required under Applicable Securities Laws;

(l) there has never been a reportable disagreement (within the meaning of National Instrument 51-102 – *Continuous Disclosure*) with the present or former auditors of the Corporation;

(m) each of the Corporation and the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(n) each of the Corporation and the Subsidiaries has established and maintains "disclosure controls and procedures" and "internal control over financial reporting" which the Board considers reasonable and appropriate in the Corporation's circumstances and in accordance with the provisions of IFRS;

(o) the audit committee of the Corporation is comprised and operates in accordance with the requirements of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators; the majority of the members of the audit committee are “independent” within the meaning of such instrument;

(p) as at the Closing Date, except for the Warrants, Compensation Options and as set forth in Schedule “B” to this Agreement, no holder of outstanding securities of the Corporation will be entitled to any pre-emptive or any similar rights to subscribe for any of the Common Shares or other securities of the Corporation and no rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any shares in the capital of the Corporation are outstanding;

(q) no legal or governmental proceedings are pending to which the Corporation or a Subsidiary is a party or to which any of their respective property is subject that would result individually or in the aggregate in a material adverse change in the operation, business or condition of the Corporation or any Subsidiary, and to the knowledge of the Corporation, no such proceedings have been threatened against or are contemplated with respect to the Corporation, a Subsidiary or any of their respective properties;

(r) each of the Corporation and the Subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable laws and regulations of each jurisdiction in which it carries on business (including, without limitation, all applicable federal, provincial, municipal and local environmental anti-pollution and licensing laws, regulations and other lawful requirements of any governmental or regulatory body) and has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits which would have a material adverse effect on the Corporation or any of the Subsidiaries;

(s) the Corporation is a reporting issuer under Applicable Securities Laws in each of the provinces of British Columbia, Alberta and Ontario; the Corporation is not in default in any material respect of any requirement of Applicable Securities Laws of the Offering Jurisdictions nor is included in a list of defaulting reporting issuers maintained by the Securities Commissions. In particular, without limiting the foregoing, the Corporation is in compliance at the date hereof with its obligations to make timely disclosure of all material changes relating to it and, other than in respect of material change reports previously filed on a confidential basis and thereafter made public or material change reports previously filed on a confidential basis and in respect of which no material change ever resulted, no such disclosure has been made on a confidential basis and there is no material change relating to the Corporation which has occurred and with respect to which the requisite material change statement has not been filed, except to the extent that the Offering constitutes a material change;

(t) the execution and delivery of each of this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates and the compliance with all provisions contemplated thereunder, the offering and sale of the Units and the issuance of the Common Shares and Warrants forming part of the Units, the Warrant Shares and the Compensation Securities does not and will not:

  (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, securities regulatory authority or other third party, except: (i) such as have been obtained; or (ii) such as are set out in the Exchange Letter;

(ii) result in a breach of or default under, nor create a state of facts which, after notice or lapse of time or both, would result in a breach of or default under, nor conflict with:

(1) any of the terms, conditions or provisions of the constating documents or resolutions of the shareholders, directors or any committee of directors of the Corporation or any Subsidiary;

(2) any statute, rule, regulation or law applicable to the Corporation or any Subsidiary, including, without limitation, Applicable Securities Laws of the Offering Jurisdictions, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Corporation or any Subsidiary; or

(3) any Material Agreement; and/or

(iii) give rise to any lien, charge or claim in or with respect to the properties or assets now owned or hereafter acquired by the Corporation or any Subsidiary or the acceleration of or the maturity of any debt under any indenture, mortgage, lease, agreement or instrument binding or affecting the Corporation or any Subsidiary or any of their respective properties;

(u) upon the execution and delivery thereof, each of this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates shall constitute a valid and binding obligation of the Corporation and each shall be enforceable against the Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

(v) at the Time of Closing, all necessary corporate action will have been taken by the Corporation to: (a) validly issue the Common Shares forming part of the Units as fully paid and non-assessable securities in the capital of the Corporation; (b) validly create, authorize and issue the Warrants and the Compensation Options; and (c) allot, reserve and authorize the issuance of the Warrant Shares, Compensation Shares and Compensation Option Shares, as fully paid and non-assessable securities in the capital of the Corporation upon the due exercise of the Warrants, the Compensation Options and the Compensation Warrants, as the case may be;

(w) the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which, as of the close of business on November 11, 2013, 19,145,529 Common Shares are issued and outstanding;

(x) all information which has been prepared by the Corporation relating to the Corporation and its business, property and liabilities and either publicly disclosed or provided in writing to the Underwriters, including the Disclosure Documents and all financial, marketing, sales and operational information provided to the Underwriters are, as of the date of such information, true and correct in all material respects, and no fact or facts have been omitted therefrom which would make such information misleading;

(y) the Corporation has, and to the knowledge of the Corporation, the directors and officers of the Corporation have in all material respects answered every question or inquiry of the Underwriters and their counsel in connection with the Underwriters' due diligence investigations fully and truthfully;

(z) the Corporation intends to use the proceeds of the Offering for sales and marketing and for general corporate purposes;

(aa) except as contemplated hereby (including any selling agent retained by the Underwriters pursuant to subsection 2(b)), there is no person acting or purporting to act at the request of the Corporation, who is entitled to any brokerage or agency fee in connection with the transactions contemplated herein;

(bb) all disclosure filings required to be made by the Corporation pursuant to Applicable Securities Laws have been made and such disclosure and filings were true and accurate as at the respective dates thereof and the Corporation has not filed any confidential material change reports;

(cc) the Corporation is not aware of any legislation, or proposed legislation (published by a legislative body having jurisdiction over the operations of the business carried on by the Corporation), which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of the Corporation and the Subsidiaries, taken as a whole;

(dd) each of the Corporation and the Subsidiaries is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance would not constitute an adverse material fact of the Corporation or any Subsidiary or result in a material adverse change to the Corporation or any Subsidiary;

(ee) there has not been and there is not currently any labour disruption or conflict which is adversely affecting or could adversely affect, in a material manner, the carrying on of the business of the Corporation or any Subsidiary;

(ff) neither the Corporation nor any Subsidiary has any loans or other indebtedness outstanding which have been made to any of their respective shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with them, except for non-material amounts in the ordinary course of business;

(gg) other than as set forth in Schedule "C", none of the directors, officers or employees of the Corporation, any known holder of more than 10% of any class of shares of the Corporation, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Ontario)), has had any material interest, direct or indirect, in any material transaction within the previous one year or any proposed material transaction which, as the case may be, materially affected, is material to or will materially affect the Corporation and the Subsidiaries, taken as a whole;

(hh) the Corporation maintains insurance covering the properties, operations, personnel and businesses of the Corporation and its Subsidiaries as the Corporation reasonably deems adequate; such insurance insures against such losses and risks to an extent which is adequate in accordance with customary industry practice to protect the Corporation, its Subsidiaries and the business of the Corporation and its Subsidiaries; all such insurance is fully in force on the date hereof and will be fully in force on the Closing Date; the Corporation has no reason to believe that it will not be able to renew any such insurance as and when such insurance expires;

(ii) each of the Corporation and the Subsidiaries is in compliance with all applicable federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign (the "**Environmental Laws**") relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance (the "**Hazardous Substances**") except where such non-compliance would not constitute an adverse material fact in respect of the Corporation or any Subsidiary or result in a material adverse change to the Corporation or any Subsidiary;

(jj) there are no: (i) material licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the "**Environmental Permits**") necessary as at the date hereof for the operation of the businesses currently carried on by the Corporation and the Subsidiaries; or (ii) environmental audits, evaluations, assessments, studies or tests relating to the Corporation or any Subsidiary;

(kk) neither the Corporation nor any Subsidiary has used, except in compliance with all Environmental Laws and Environmental Permits, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance;

(ll) neither the Corporation nor any Subsidiary has received at any time any notice: (i) regarding an offence alleging, non-compliance with any Environmental Law; or (ii) alleging it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws;

(mm) each of the Corporation and the Subsidiaries holds all of the permits, licenses and like authorizations necessary for it to carry on its business in each jurisdiction where such business is carried on that are material to the conduct of the business of each of the Corporation and the Subsidiaries (collectively, the "**Permits**"); all such Permits are valid and subsisting and in good standing and none of the same contains any term, provision, condition or limitation which has or would reasonably be expected to affect or restrict in a materially adverse manner the operation of the business of the Corporation or any of the Subsidiaries, as now carried on or proposed to be carried on, and each of the Corporation and the Subsidiaries is not in breach thereof or in default with respect to filings to be effected or conditions to be fulfilled in order to maintain such Permits in good standing;

(nn) each of the Corporation and the Subsidiaries is in compliance with each Permit held by it and is not in violation of, or in default under, applicable laws;

(oo) each of the Corporation and the Subsidiaries is the sole legal and beneficial owner of, has good and marketable title to, and owns all right, title and interest in all Corporation IP free and clear of all encumbrances, charges, covenants, conditions, options to purchase and restrictions or other adverse claims or interest of any kind or nature, and neither the Corporation nor any of the Subsidiaries has knowledge of any claim of adverse ownership in respect thereof. No consent of any person other than the Corporation and/or the Subsidiaries is necessary to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Corporation IP and none of the Corporation IP comprises an improvement to Licensed IP that would give any person other than the Corporation and/or the Subsidiaries any rights to the Corporation IP, including, without limitation, rights to license the Corporation IP;

(pp) neither the Corporation nor any Subsidiary has received any notice or claim (whether written, oral or otherwise) challenging the Corporation's or any Subsidiary's ownership or right to use any of the Corporation IP or suggesting that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto, nor, to the knowledge of the Corporation and the Subsidiaries, is there a reasonable basis for any claim that any person other than the Corporation and the Subsidiaries has any claim of legal or beneficial ownership or other claim or interest in any of the Corporation IP;

(qq) all applications for registration of any Registered Corporation IP are in good standing, are recorded in the name of the Corporation or the Subsidiaries (except in the case of patents, which by their nature must be filed in the name of the inventor and then subsequently assigned to the Corporation) and have been filed in a timely manner in the appropriate offices to preserve the rights thereto and, in the case of a provisional application, each of the Corporation and the Subsidiaries confirms that all right, title and interest in and to the invention(s) disclosed in such application have been or as of the Closing Date will be assigned in writing (without any express right to revoke such assignment) to the Corporation or the Subsidiaries. There has been no public disclosure, sale or offer for sale of any Corporation IP in Canada, the United States and the European Union and, to the knowledge of the Corporation, anywhere else in the world that may prevent the valid issue of all available Intellectual Property rights in such Corporation IP. All material prior art or other information has been disclosed to the appropriate offices as required in accordance with Applicable IP Laws in the jurisdictions where the applications are pending;

(rr) all registrations of Registered Corporation IP are in good standing and are recorded in the name of the Corporation or a Subsidiary in the appropriate offices to preserve the rights thereto. All such registrations have been filed, prosecuted and obtained, as applicable, in accordance with all Applicable IP Laws and are currently in effect and in compliance with all Applicable IP Laws. No registration of Registered Corporation IP has expired, become abandoned, been cancelled or expunged, been dedicated to the public, or has lapsed for failure to be renewed or maintained;

(ss) the conduct of the business of each of the Corporation and the Subsidiaries (including, without limitation, the use or other exploitation of the Corporation IP by the Corporation and/or the Subsidiaries or other licensees) has not, does not and will not infringe, violate, misappropriate or otherwise conflict with any Intellectual Property right of any person;

(tt) neither the Corporation nor any Subsidiary is a party to any action or proceeding, nor, to the knowledge of the Corporation and the Subsidiaries, is or has any action or proceeding been threatened that alleges that any current or proposed conduct of their respective businesses (including, without limitation, the use or other exploitation of any Corporation IP by the Corporation, any Subsidiary or any customers, distributors or other licensees) has or will infringe, violate or misappropriate or otherwise conflict with any Intellectual Property right of any person;

(uu) to the knowledge of the Corporation and the Subsidiaries, no person has interfered with, infringed upon, misappropriated, illegally exported, or violated any rights with respect to the Corporation IP;

(vv) each of the Corporation and the Subsidiaries has entered into valid and enforceable written agreements pursuant to which the Corporation and/or the Subsidiaries has been granted all licenses and permissions to use, reproduce, sub license, sell, modify, update, enhance or otherwise exploit the Licensed IP to the extent required to operate all aspects of the business of each of the Corporation and the Subsidiaries currently and proposed to be conducted (including, if required, the right to incorporate such Licensed IP into the Corporation IP). All license agreements in respect of the Licensed IP are in full force and effect and none of the Corporation or the Subsidiaries, or to the knowledge of the Corporation and the Subsidiaries, any other person, is in default of its obligations thereunder;

(ww) to the extent that any of the Corporation IP is licensed or disclosed to any person or any person has access to such Corporation IP (including, without limitation, any employee, officer, shareholder or consultant of the Corporation or any Subsidiary), each of the Corporation and the Subsidiaries has entered into a valid and enforceable written agreement which contains terms and conditions prohibiting the unauthorized use, reproduction, disclosure, reverse engineering or transfer of such Corporation IP by such person. All such agreements are in full force and effect and none of the Corporation, a Subsidiary or to the knowledge of the Corporation and the Subsidiaries, any other person, is in default of its obligations thereunder;

(xx) each of the Corporation and the Subsidiaries has taken all actions that are contractually obligated to be taken and all actions that are customary and reasonable to protect the confidentiality of the Corporation IP;

(yy) to the knowledge of the Corporation and the Subsidiaries, it is not, and will not be, necessary for the Corporation or any of the Subsidiaries to utilize any Intellectual Property owned by or in possession of any of the employees (or people the Corporation or the Subsidiaries currently intend to hire) made prior to their employment with the Corporation or the Subsidiaries in violation of the rights of such employee or any of his or her prior employers;

(zz) neither the Corporation nor any Subsidiary has received any advice or any opinion that any of the Corporation IP is invalid or unregistrable or unenforceable, in whole or in part;

(aaa) neither the Corporation nor any Subsidiary has received any grant relating to research and development which is subject to repayment in whole or in part or to conversion to debt upon the sale of any Common Shares or which may affect the right of ownership of the Corporation or any Subsidiary in the Corporation IP;

(bbb) each of the Corporation and the Subsidiaries has and enforces a policy requiring each employee and consultant to execute a non-disclosure agreement and all current employees and consultants of each of the Corporation and the Subsidiaries have executed such agreement and to the knowledge of the Corporation and the Subsidiaries, all past employees and consultants who were involved with the development of Corporation IP of each of the Corporation and the Subsidiaries have executed such agreement;

(ccc) all of the present and, to the knowledge of the Corporation and the Subsidiaries, past employees of the Corporation and the Subsidiaries and all of the present and, to the knowledge of the Corporation and the Subsidiaries, past consultants, contractors and agents of the Corporation and the Subsidiaries performing services relating to the development, modification or support of the Corporation IP, have entered into a written agreement assigning to the Corporation and/or the Subsidiaries all right, title and interest in and to all such Intellectual Property and waiving any moral rights thereto;

(ddd) any and all fees or payments required to keep the Corporation IP and the Licensed IP in force or in effect have been paid, except those which the Corporation has determined the failure to pay would not have a material adverse effect;

(eee) to the knowledge of the Corporation and the Subsidiaries, there is no claim of infringement or breach by the Corporation or any Subsidiary of any industrial or Intellectual Property rights of any other person, nor has the Corporation or any Subsidiary received any notice or threat from any such third party, nor is the Corporation or any Subsidiary otherwise aware that the use of the industrial or Intellectual Property of the Corporation or any Subsidiary infringes upon or breaches any industrial or Intellectual Property rights of any other person;

(fff) there are no Intellectual Property disputes, negotiations, agreements or communications between the Corporation or any Subsidiary and any other persons relating to or potentially relating to the business of the Corporation or any Subsidiary;

(ggg) neither the Corporation nor any Subsidiary is aware of any reason as a result of which it is not entitled to make use of and commercially exploit the Corporation IP. With respect to each license or agreement by which the Corporation or any Subsidiary has obtained the rights to exploit, in any way, the Licensed IP rights of any other person or by which the Corporation or any Subsidiary has granted to any third party the right to so exploit such Licensed IP:

(i) such license or agreement is in full force and effect and is legal, valid, binding and enforceable in accordance with its terms, except to the extent that enforceability may be limited by: (a) applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally; or (b) laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and represents the entire agreement between the parties thereto with respect to the subject matter thereof, and no event of default has occurred and is continuing under any such license or agreement;

(ii) (a) neither the Corporation nor any Subsidiary has received any notice of termination or cancellation under such license or agreement, and no party thereto has any right of termination or cancellation thereunder except in accordance with its terms; (b) neither the Corporation nor any Subsidiary has received any notice of a breach or default under such license or agreement which breach or default has not been cured; and (c) neither the Corporation nor any Subsidiary has granted to any other person any rights adverse to, or in conflict with, such license or agreement; and

(iii) neither the Corporation nor any Subsidiary is aware of any other party to such license or agreement that is in breach or default thereof, and is not aware of any event that has occurred that, with notice or lapse of time would constitute such a breach or default or permit termination, modification or acceleration under such license or agreement;

(hhh) neither the Corporation nor any Subsidiary nor, to the knowledge of the Corporation, any director, officer, agent, employee or other person associated with or acting on behalf of the Corporation or any Subsidiary has: (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the *Corruption of Foreign Officials Act* (Canada); or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment;

(iii) none of the Corporation, any of its Subsidiaries or, to the knowledge of the Corporation, any director, officer, agent, employee or affiliate of the Corporation or any of its Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), and the Corporation will not directly or indirectly use any of the Gross Proceeds, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any United States sanctions administered by OFAC; and

(jjj) the Transfer Agent at its principal office in the City of Toronto, is the duly appointed registrar and transfer agent of the Corporation with respect to the Common Shares.

The Corporation acknowledges that the Underwriters and each of the Purchasers are relying upon such representations and warranties.

5. **Covenants of the Corporation**

The Corporation hereby covenants to and with the Underwriters (on their own behalf and on behalf of the Purchasers) that:

(a) the Corporation will use commercially reasonable efforts to maintain its status as a reporting issuer not in default in each the Offering Jurisdictions in which it is a reporting issuer or the equivalent for a period of three years following the date of this Agreement, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a "reporting issuer" so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or United States, or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the Exchange (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(b) the Corporation will use commercially reasonable efforts to ensure that all Common Shares outstanding or issuable from time to time (including for certainty the Warrant Shares issuable upon exercise of the Warrants) are listed on the Exchange (or such other stock exchange acceptable to the Corporation) for a period of three years following the date of this Agreement, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the United States, or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the Exchange (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(c) the Corporation will ensure that the Common Shares forming part of the Units, the Warrant Shares, the Compensation Shares and the Compensation Warrant Shares will be conditionally approved for listing on the Exchange upon their issue;

(d) in the event any person acting or purporting to act for the Corporation establishes a claim from the Underwriters for any brokerage or agency fee in connection with the transactions contemplated herein, the Corporation shall indemnify and hold harmless the Underwriters with respect thereto and with respect to all costs reasonably incurred in the defence thereof unless such claim is made by a selling agent appointed by the Underwriters pursuant to subsection 2(b);

(e) without the prior written consent of Cormark on behalf of the Underwriters, such consent not to be unreasonably withheld, the Corporation agrees not to issue, agree to issue, or announce an intention to issue, any Common Shares or any securities convertible into or exercisable for Common Shares (except in connection with the exercise of existing outstanding securities under the Corporation’s stock option plan and outstanding warrant agreements), until the date that is 120 days following the Closing Date; and

(f) the Corporation shall, as soon as practicable, use its commercially reasonable best efforts to receive all necessary consents to the transactions contemplated herein.

6. **Conditions to Closing**

The obligation of the Underwriters to purchase the Units on the Closing Date shall be subject to the following conditions, which conditions the Corporation covenants to exercise its commercially reasonable best efforts to have fulfilled on or prior to the Time of Closing and which conditions may be waived in writing in whole or in part by the Underwriters:

(a) the Corporation will have made and/or obtained the necessary filings, approvals, consents and acceptances of the appropriate regulatory authorities required to be made or obtained by the Corporation in connection with the sale of the Units to the Purchasers prior to the Time of Closing as herein contemplated, it being understood that the Underwriters shall do all that is reasonably required to assist the Corporation to fulfil this condition, subject to certain specified conditions and exceptions contained in the Exchange Letter and the Corporation filing with the Securities Commissions, within 10 days from the date of the sale of the Units, a Form 45-106F1 (and, if applicable, a Form 45-106F6) prepared and executed in accordance with Applicable Securities Laws and accompanied by the prescribed fees and fee checklist form, if any, the Corporation filing with the U.S. Securities and Exchange Commission a notice on Form D within 15 days after the first sale of Units in the United States or for the account or benefit of a person in the United States or a U.S. Person and all amendments required to be filed as a result of subsequent sales of Units in the United States or for the account or benefit of a person in the United States or U.S. Persons, and the Corporation filing within prescribed time periods any notices required to be filed with state securities authorities under applicable state securities laws in connection with the sale of the Units pursuant to an exemption from such state securities laws, including without limitation any Units sold pursuant to Rule 506 of Regulation D promulgated under the U.S. Securities Act;

(b) the Board shall have authorized and approved the execution and delivery of this Agreement and the Warrant Indenture, the acceptance of the Subscription Agreements, if any, the allotment, issuance and delivery of the Common Shares forming part of the Units, the creation and issuance of the Warrants and the Compensation Options and, upon the due exercise of the Warrants, Compensation Options and Compensation Warrants, the allotment, issuance and delivery of the Warrant Shares, Compensation Shares and Compensation Warrant Shares, as the case may be, and all matters relating thereto;

(c) the Corporation shall have accepted one or more subscriptions for Units from the Purchasers;

(d) the Underwriters shall have received opinions, dated the Closing Date, of the Corporation's counsel, Meretsky Law Firm, Barristers and Solicitors, and local counsel in any other Canadian province where the Units are sold (it being understood that such counsel may rely to the extent appropriate in the circumstance (i) as to matters of fact, on certificates of the Corporation executed on its behalf by a senior officer of the Corporation and on certificates of the Transfer Agent, as to the issued capital of the Corporation; and (ii) as to matters of fact not independently established, on certificates of the Corporation's auditors or a public official) with respect to the following matters (with such opinions being subject to usual and customary assumptions and qualifications, including the qualifications set out below):

(i) as to the incorporation and subsistence of the Corporation under the laws of the province of Ontario and as to the corporate power of the Corporation to carry out its obligations under this Agreement and to issue the Common Shares forming part of the Units, the Warrants and the Compensation Securities;

(ii) as to the authorized and issued capital of the Corporation;

(iii) that the Corporation has all requisite corporate power and authority under the laws of its jurisdiction of incorporation to carry on its business as presently carried on and to own or lease its properties and assets;

(iv) that none of the execution and delivery of this Agreement, the Subscription Agreements, the Warrant Indenture, the Compensation Option Certificates, the performance by the Corporation of its obligations hereunder and thereunder, or the sale or issuance of the Common Shares forming part of the Units, the Warrants, the Warrant Shares and the Compensation Securities will conflict with or result in any breach of the articles or by-laws of the Corporation;

(v) that each of this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates has been duly authorized and executed and delivered by the Corporation, and constitutes a valid and legally binding obligation of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity and contribution may be limited by applicable law;

(vi) that the Common Shares forming part of the Units have been validly issued as fully paid and non-assessable securities in the capital of the Corporation;

(vii) that the Warrants and the Compensation Options have been duly and validly created and issued;

(viii) that the Warrant Shares have been authorized and allotted for issuance to the Purchasers and, upon the issuance of the Warrant Shares following due exercise of the Warrants in accordance with the provisions of the Warrant Indenture and certificates representing the Warrants, the Warrant Shares will be validly issued as fully paid and non-assessable securities in the capital of the Corporation;

(ix) that the Compensation Shares and Compensation Warrant Shares have been authorized and allotted for issuance to the Underwriters and, upon the issuance of the Compensation Shares and Compensation Warrant Shares following due exercise of the Compensation Options and Compensation Warrants in accordance with the respective terms thereof, the Compensation Shares and Compensation Warrant Shares will be validly issued as fully paid and non-assessable securities in the capital of the Corporation;

(x) the Compensation Warrants have been duly authorized and validly allotted for issuance by the Corporation upon the due exercise of the Compensation Options;

(xi) that the issuance and sale by the Corporation of the Common Shares forming part of the Units and the Warrants to the Purchasers (other than United States Purchasers) and the issuance by the Corporation of the Compensation Options to the Underwriters are exempt from the prospectus requirements of Applicable Securities Laws of the Offering Jurisdictions and no documents are required to be filed (other than specified forms accompanied by requisite filing fees), proceedings taken or approvals, permits, consents or authorizations obtained under Applicable Securities Laws of the Offering Jurisdictions to permit such issuance and sale;

(xii) that the issuance of the Warrant Shares, Compensation Shares and Compensation Warrant Shares upon due exercise of the Warrants, Compensation Options and Compensation Warrants, as the case may be, are exempt from the prospectus requirements of Applicable Securities Laws of the Offering Jurisdictions and that no other documents will be required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under Applicable Securities Laws of the Offering Jurisdictions to permit such issuance;

(xiii) that the first trade of the Common Shares forming part of the Units and the Warrants will be a “distribution” within the meaning of Applicable Securities Laws of the Offering Jurisdictions and subject to the prospectus requirements under Applicable Securities Laws of the Offering Jurisdictions, unless such trade is otherwise exempt from the prospectus requirements under Applicable Securities Laws of the Offering Jurisdictions, or unless the conditions set out in Section 2.5(2) of NI 45-102 are satisfied;

(xiv) that the first trade of the Warrant Shares, Compensation Shares and Compensation Warrant Shares to be issued upon the exercise of the Warrants, Compensation Options and Compensation Warrants, as the case may be, will be a "distribution" within the meaning of Applicable Securities Laws of the Offering Jurisdictions and subject to the prospectus requirements under Applicable Securities Laws of the Offering Jurisdictions, unless such trade is otherwise exempt from the prospectus requirements under Applicable Securities Laws of the Offering Jurisdictions, or unless the conditions set out in Section 2.5(2) of NI 45-102 are satisfied;

(xv) that the Offering has been conditionally accepted by the Exchange; and

(xvi) as to such other matters as the Underwriters' legal counsel may reasonably request and customary in a financing transaction of this nature prior to the Time of Closing;

(e) the Underwriters shall have received favourable legal opinions by the Corporation's tax counsel, Thorsteinssons LLP, in form and substance satisfactory to the Underwriters, acting reasonably, dated the Closing Date that the Common Shares and the Warrant Shares will be eligible for registered retirement savings plans, registered education savings plans, registered retirement income funds, registered disability savings plans, tax- free savings accounts and deferred profit sharing plans;

(f) the Underwriters shall have received favourable legal opinions by local counsel in the jurisdiction of incorporation of each Subsidiary, in form and substance satisfactory to the Underwriters, acting reasonably, dated the Closing Date and with respect to the following matters:

(i) the incorporation and existence of the Subsidiary under the laws of its jurisdiction of incorporation;

(ii) as to the registered ownership of the issued and outstanding shares of the Subsidiary; and

(iii) that the Subsidiary has all requisite corporate power under the laws of its jurisdiction of incorporation to carry on its business as presently carried on and own or lease its properties and assets;

(g) if any of the Purchasers are in the United States, the Underwriters shall have received a legal opinion from Dorsey & Whitney LLP, United States counsel for the Corporation, dated as of the Closing Date, in form and substance satisfactory to the Underwriters, acting reasonably, that the initial sale of the Units in the United States is not required to be registered under the U.S. Securities Act;

(h) the Underwriters shall have received an incumbency certificate dated the Closing Date including specimen signatures of the Chief Executive Officer, the Chief Financial Officer and any other officer of the Corporation signing this Agreement or any document delivered hereunder;

(i) the Underwriters shall have received a certificate, dated the Closing Date, of the Chief Executive Officer and the Chief Financial Officer of the Corporation (or such other officer or officers of the Corporation acceptable to the Underwriters, acting reasonably), to the effect that, to their knowledge, information and belief, after due enquiry and without personal liability:

(i) the representations and warranties of the Corporation in this Agreement are true and correct in all respects as if made at and as of the Time of Closing and the Corporation has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied in all respects at or prior to the Time of Closing;

(ii) no order, ruling or determination having the effect of suspending the sale or ceasing, suspending or restricting the trading of Units or securities underlying the Units in any of the Offering Jurisdictions has been issued or made by any stock exchange, securities commission or regulatory authority and is continuing in effect and no proceedings, investigations or enquiries for that purpose have been instituted or are pending;

(iii) the constating documents of the Corporation delivered at Closing are full, true and correct copies, unamended, and in effect on the date thereof;

(iv) the minutes or other records of various proceedings and actions of the Board relating to the Offering and delivered at Closing are true and correct copies thereof and have not been modified or rescinded as of the date thereof;

(v) since December 31, 2012, there has been no material adverse change in the business, affairs, operations, assets, liabilities or capital of the Corporation; and

(vi) none of the documents filed with applicable securities regulatory authorities since December 31, 2012 contained a misrepresentation as at the time the relevant document was filed that has not since been corrected;

(j) the Corporation shall not have received any notice from the Exchange that the Common Shares comprising the Units, Warrant Shares, Compensation Shares and Compensation Warrant Shares shall not be accepted for listing on the Exchange;

(k) that final acceptance of the Offering by the Exchange is subject only to the fulfilment of such other conditions of the Exchange as set out in the Exchange Letter;

(l) the Underwriters shall have conducted all due diligence inquiries and investigations and not identified any material adverse changes or misrepresentations or any items materially adversely affecting the Corporation's affairs which exist as of the date hereof but which have not been widely disseminated to the public;

(m) the Underwriters shall have received confirmation from the Corporation that the Corporation is not on the defaulting issuer's list (or equivalent) maintained by the Securities Commissions in the Offering Jurisdictions in which the Corporation is a reporting issuer; and

(n) the Underwriters shall not have exercised any rights of termination set forth in Section 9.

The Corporation agrees that the conditions contained in this Section 6 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Corporation and that it will use its best efforts to cause all such conditions to be complied with. The Corporation further agrees that all representations, warranties, covenants and other terms of this Agreement shall be and shall be deemed to be conditions, and any breach or failure to comply with any of them will entitle any of the Underwriters to terminate its obligations to purchase the Units, by written notice to that effect given to the Corporation at or prior to the Time of Closing. It is understood that the Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Underwriters in respect of any such terms and conditions or any other or subsequent breach or non-compliance of the Corporation, provided that to be binding on the Underwriters any such waiver or extension must be in writing and signed by each of the Underwriters.

The Corporation agrees that the aforesaid legal opinions and certificates to be delivered at the Time of Closing will be addressed to the Underwriters, the Underwriters' counsel and the Purchasers and that the Underwriters may deliver copies thereof to such persons.

7. **Conflict of Interest**

The Corporation acknowledges that the Underwriters and their affiliates carry on a range of businesses, including providing stockbroking, investment advisory, research, investment management and custodial services to clients and trading in financial products as agent or principal. It is possible that the Underwriters and other entities in their respective groups that carry on those businesses may hold long or short positions in securities of companies or other entities, which are or may be involved in the transactions contemplated in this Agreement and effect transactions in those securities for their own account or for the account of their respective clients. The Corporation agrees that these divisions and entities may hold such positions and effect such transactions without regard to the Corporation's interests under this Agreement.

8. **Fiduciary**

The Corporation hereby acknowledges that the Underwriters are acting solely as underwriters in connection with the offer and sale of the Units. The Corporation further acknowledges that the Underwriters are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Corporation, its management, shareholders or creditors or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of such offer and sale of the Corporation's securities, either before or after the date hereof. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Corporation, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Corporation hereby confirms its understanding and agreement to that effect. The Corporation and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Underwriters to the Corporation regarding such transactions, including but not limited to any opinions or views with respect to the price or market for the Corporation's securities, do not constitute advice or recommendations to the Corporation. The Corporation and the Underwriters agree that the Underwriters are acting as principal and not the agent or fiduciary of the Corporation and the Underwriters have not, and the Underwriters will not assume, any advisory responsibility in favour of the Corporation with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Underwriters have advised or are currently advising the Corporation on other matters). The Corporation hereby waives and releases, to the fullest extent permitted by law, any claims that the Corporation may have against the Underwriters with respect to any breach or alleged breach of any fiduciary duty to the Corporation in connection with the transactions contemplated by this Agreement.

9. **Termination of Obligations**

If at any time before the Time of Closing:

(a) there shall have occurred any material adverse change (actual, intended, anticipated or threatened) or the Underwriters shall have discovered any previously undisclosed adverse material fact in relation to the Corporation;

(b) any inquiry, action, suit, proceeding or investigation (whether formal or informal) (including matters of regulatory transgression or unlawful conduct), is commenced, announced or threatened by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the Exchange or any securities regulatory authority against the Corporation or any one of the directors or officers of the Corporation or any of its principal shareholders or any order is made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, including, without limitation, the Exchange or securities commission which involves a finding of wrong- doing; which, in the sole opinion of the Underwriters (or any of them), acting reasonably, prevents or restricts trading in or the distribution of the Common Shares or adversely affects or might reasonably be expected to adversely affect the market price or value of the Common Shares;

(c) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence or catastrophe, war or act of terrorism of national or international consequence or any law or regulation which, in the sole opinion of the Underwriters (or any of them), acting reasonably, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation and its Subsidiaries, taken as a whole;

(d) any order, action or proceeding which ceases trades or otherwise operates to prevent or restrict the trading of any securities of the Corporation is made or threatened by any securities regulatory authority;

(e) the Corporation is in breach of any material term, condition or covenant of this Agreement or any representation or warranty given by the Corporation in this Agreement becomes or is false in any material respect; or

(f) the Corporation receives notice from the Exchange that the Common Shares forming part of the Units, the Warrant Shares, Compensation Shares or the Compensation Warrant Shares shall not be accepted for listing on the Exchange,

the obligations of the Underwriters contained in this Agreement may be terminated by the Underwriters (or any of them) in their sole discretion.

Any termination pursuant to the foregoing provisions shall be effected by notice in writing delivered by the Underwriters to the Corporation at its address as herein set out. Notwithstanding the giving of any notice of termination hereunder, the expenses agreed to be paid by the Corporation shall be paid by the Corporation as herein provided and the obligations of the Corporation under Sections 11, 12 and 13 shall survive.

In the event of a termination pursuant to and in accordance with the provisions hereof and notice having been given, as aforesaid, there will be no further liability on the part of the Underwriters or the Corporation under this Agreement, except in respect of any liability which may have arisen or may thereafter arise pursuant to Sections 11, 12 and 13. The rights of the Underwriters to terminate their obligations hereunder are in addition to, and without prejudice to, any other remedies they may have.

10. **Closing**

Closing will be completed at the offices of Meretsky Law Firm, Barristers and Solicitors, Standard Life Centre, 121 King Street West, Suite 2150, Toronto, Ontario, or such other place or places as may be agreed upon by the Corporation and the Underwriters, at the Time of Closing, provided that if the Corporation has not been able to comply with any of the conditions to Closing set forth under "Conditions to Closing" prior to the Time of Closing, the Closing Date may be extended by mutual agreement of the Corporation and the Underwriters, failing which, the respective obligations of the parties will terminate without further liability or obligation except as set out under Sections 11, 12 and 13.

At the Time of Closing, the Corporation shall deliver to the Underwriters:

(a) certificates in definitive form and/or book-entry only securities, duly registered as the Underwriters may direct, representing the Common Shares forming part of the Units,

(b) certificates in definitive form and/or book-entry only securities, duly registered as the Underwriters may direct, representing the Warrants;

(c) Compensation Option Certificates, duly registered as the Underwriters may direct;

(d) the requisite legal opinions and certificates as contemplated in Section 6;

(e) a direction addressed to the Underwriters directing the Underwriters to pay the Gross Proceeds less the Underwriting Fee and the reasonable out-of-pocket expenses of the Underwriters including the fees and disbursements of counsel to the Underwriters and, if directed in writing, the fees and expenses of counsel to the Corporation; and

(f) such further documentation as may be contemplated herein,

against payment of the purchase price for the Units by certified cheque, bank draft or wire transfer to the Corporation as contemplated herein.

11. **Expenses**

Whether or not the Closing occurs, the Corporation shall pay all costs and expenses of or incidental to the Offering, including, without limitation, the listing of the Common Shares, the Warrant Shares, the Compensation Shares and the Compensation Warrant Shares on the Exchange, the cost of printing the certificates representing the Common Shares, Warrant Shares, Compensation Shares and Compensation Warrant Shares, the cost of registration and delivery of such certificates and the fees and expenses of the Corporation's auditors, counsel and local counsel. The reasonable fees of the Underwriters' legal counsel (up to a maximum of $75,000 (excluding applicable taxes and disbursements)) and the Underwriters' reasonable out-of-pocket expenses shall be paid at Closing by the Corporation to the Underwriters upon written direction from the Underwriters as to such costs and expenses, together with supporting back-up documentation, in a form acceptable to the Corporation, acting reasonably.

12. **Indemnity**

The Corporation covenants and agrees to indemnify and save harmless the Underwriters and each of their respective directors, officers, employees, shareholders and agents (collectively, the "**Underwriters Personnel**"), against all losses (other than loss of profits), claims, damages, liabilities, costs or expenses, whether joint or several, caused or incurred insofar as such losses (other than loss of profits), claims, damages, liabilities, costs or expenses arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Corporation by the Underwriters and the Underwriters Personnel hereunder, or otherwise in connection with the matters referred to in this Agreement, including, without limitation, the following:

(a) any document filed by the Corporation with the relevant securities regulatory authorities in Canada since public listing, including all press releases filed on SEDAR, which at the time and in the light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;

(b) the omission or alleged omission to state in any certificate of the Corporation or of any officers of the Corporation delivered hereunder or pursuant hereto any material fact required to be stated therein where such omission or alleged omission constitutes or is alleged to constitute a misrepresentation;

(c) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority, stock exchange or by any other competent authority based upon any failure or alleged failure to comply with applicable securities laws (other than any failure or alleged failure to comply by the Underwriters) preventing and restricting the trading in or the sale of the Common Shares or any other securities of the Corporation in the provinces of Canada;

(d) the non-compliance or alleged non-compliance by the Corporation with any requirement of applicable securities laws, including the Corporation's non-compliance with any statutory requirement to make any document available for inspection; or

(e) any breach of any representation, warranty or covenant of the Corporation contained herein,

and will reimburse the Underwriters promptly upon demand for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such losses (other than loss of profit), claims, damages, liabilities or actions in respect thereof, as incurred.

Notwithstanding anything to the contrary contained herein, this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

(a) the Underwriters and/or the Underwriters Personnel have been grossly negligent or have committed any fraudulent or illegal act in the course of the performance of professional services rendered to the Corporation by the Underwriters and/or the Underwriters Personnel or otherwise in connection with the matters referred to in this Agreement or have breached this Agreement; and

(b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the actions referred to in (a).

The Corporation shall not, without the prior written consent of the Underwriters, which consent shall not be unreasonably withheld, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not the Underwriters or any Underwriters' Personnel are a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of the Underwriters and all Underwriters' Personnel from all liability arising out of such claim, action, suit or proceeding.

Notwithstanding the foregoing, an indemnifying party shall not be liable for the settlement of any claim or action in respect of which indemnity may be sought hereunder effected without its written consent, which consent shall not be unreasonably withheld.

If any claim, action suit or proceeding shall be asserted against any person in respect of which indemnification is or might reasonably be considered to be provided, such person (the "**Indemnified Party**") will notify the Corporation as soon as possible and in any event on a timely basis, of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim; provided, however, that the defence shall be through legal counsel acceptable to the Indemnified Party, acting reasonably, and that no settlement may be made by the Corporation or the Indemnified Party without the prior written consent of the other.

In any such claim, the Indemnified Party shall have the right to retain other counsel to act on the Indemnified Party's behalf, provided that the reasonable fees and disbursements of such other counsel shall be paid by the Indemnified Party, unless: (i) the Corporation and the Indemnified Party mutually agree to retain such other counsel; or (ii) the named parties to any such claim (including any third or implicated party) include both the Indemnified Party on the one hand and the Corporation, on the other hand, and counsel to the Indemnified Party advises that the representation of the Corporation and the Indemnified Party by the same counsel would be inappropriate due to actual or potential conflicting interests, in which event such fees and disbursements shall be paid by the Corporation to the extent that they have been reasonably incurred.

To the extent that any Indemnified Party is not a party to this Agreement, the Underwriters shall obtain and hold the right and benefit of the indemnity provisions hereunder in trust for and on behalf of such Indemnified Party.

13. **Contribution**

If for any reason (other than a determination as to gross negligence, fraud or willful misconduct referred to in Section 12) the indemnity is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless in respect of any claim, the indemnifying party shall contribute to the losses paid or payable by such Indemnified Party as a result of such claim in such proportion as is appropriate to reflect not only the relative benefits received by the indemnifying party on the one hand and the Indemnified Party on the other hand but also the relative fault of the indemnifying party and the Indemnified Party as well as any relevant equitable considerations; provided that the indemnifying party shall in any event contribute to the losses paid or payable by an Indemnified Party as a result of such claim, the amount (if any) equal to: (i) such amount paid or payable, minus (ii) the amount of the fees received by the Indemnified Party, if any, under this Agreement.

14. **Underwriters' Obligations**

The Underwriters' obligations under this Agreement shall be several and not joint, and the Underwriters' respective obligations and rights and benefits hereunder shall be as to the following percentages ("**Relevant Proportions**"):

Cormark Securities Inc.	60%
Paradigm Capital Inc.	30%
Jacob Securities Inc.	10%

If any Underwriter (a "**Refusing Underwriter**") shall not complete the purchase and sale of the Units which such Underwriter has agreed to purchase hereunder for any reason whatsoever, the other Underwriters (the "**Continuing Underwriters**") shall be entitled, at their option, to purchase all but not less than all of the Units which would otherwise have been purchased by such Refusing Underwriter. If the Continuing Underwriters do not elect to purchase the balance of the Units pursuant to the foregoing:

(a) the Continuing Underwriters shall not be obliged to purchase any of the Units that any Refusing Underwriter is obligated to purchase; and

(b) the Corporation shall not be obliged to sell less than all of the Units,

and the Corporation shall be entitled to terminate its obligations under this Agreement arising from its acceptance of this offer, in which event there shall be no further liability on the part of the Corporation or the Continuing Underwriters, except pursuant to the provisions of Sections 11, 12 and 13. Nothing in this Agreement shall oblige any U.S. affiliate to purchase any Units. Notwithstanding the foregoing, the Refusing Underwriters shall not be entitled to the benefit of the provisions of Sections 11, 12 and 13 following such termination.

15. **Notice**

Any notice or other communication to be given by delivery or by facsimile hereunder shall, in the case of notice to the Corporation, be addressed:

(a) to the Corporation at the address appearing on page 1 of this Agreement, Attention: Scott Worthington, Chief Financial Officer, Fax No. (905) 282-9966, with a copy (for information purposes only and not constituting notice) to its counsel:

Meretsky Law Firm
Standard Life Centre
121 King Street West, Suite 2150
Toronto, Ontario M5H 3T9

Attention: Jason D. Meretsky
Fax: (416) 943-0811

(b) in the case of notice to the Underwriters:

Cormark Securities Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2800
Toronto, Ontario M5J 2J2

Attention: Jeff Kennedy
Fax: (416) 943-6499

Paradigm Capital Inc.
95 Wellington Street West, Suite 2101
Toronto, Ontario M5J 2N7

Attention: Barry Richards
Fax: (416) 361-6050

Jacob Securities Inc.
Commerce Court West
199 Bay Street, Suite 2901
Toronto, Ontario M5L 1G1

Attention: Sasha Jacob
Fax: (416) 866-8333

with a copy (for information purposes only and not constituting notice) to:

Heenan Blaikie LLP
Bay Adelaide Centre
333 Bay Street, Suite 2900
Toronto, Ontario M5H 2T4

Attention: Corey MacKinnon
Fax: (416) 360-8425

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or one hour after being faxed and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or facsimile number.

16. **Public Announcements**

If the Underwriters so request, the Corporation shall include a reference to the Underwriters and their role in the Offering in any press release or other public communication issued by the Corporation related to the Offering. The Corporation shall provide the Underwriters with a reasonable opportunity to review a draft of any proposed announcement and an opportunity to provide comments thereon. Provided the Offering is completed and the Underwriters are not in breach of any material provision of this Agreement, the Underwriters shall be permitted to publish, at their own expense, such advertisements or announcements relating to the services provided in respect of the Offering in such newspapers or other publications as the Underwriters consider appropriate.

17. **Time of the Essence**

Time shall be of the essence of this Agreement and every part hereof.

18. **Further Assurances**

Each of the parties hereto shall cause to be done all such acts and things or execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purposes of carrying out the provisions and intent of this Agreement.

19. **Assignment**

Except as contemplated herein, no party hereto may assign this Agreement or any part hereof without the prior written consent of the other parties hereto. Subject to the foregoing, this Agreement shall enure to the benefit of, and shall be binding upon, the Corporation and the Underwriters and each of their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions contained in this Agreement, this Agreement and all conditions and provisions of this Agreement being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that the covenants and indemnities of the Corporation set out under the heading “Indemnity” shall also be for the benefit of the Underwriters’ Personnel.

20. **Counterpart Provision**

This Agreement may be executed in any number of counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document.

21. **Entire Agreement**

The provisions herein contained constitute the entire agreement between the parties relating to the Offering and supersede all previous communications, representations, understandings and agreements between the parties including, but not limited to, the Letter Agreement, with respect to the subject matter hereof whether verbal or written.

22. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein.

23. **Survival of Warranties, Representations, Covenants and Agreements**

All warranties, representations, covenants, indemnities and agreements of the Corporation and the Underwriters herein contained or contained in documents submitted or required to be submitted pursuant to this Agreement shall survive the purchase by the Purchasers of the Units and shall continue in full force and effect for the benefit of the Underwriters and/or the Corporation for a period of two years from the Closing Date.

24. **Language**

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

Les parties reconnaissent leur volonté express que la présente convention ainsi que tous les documents et contrats s’y rattachant directement ou indirectement soient rédigés en anglais.

25. **Facsimile**

The Corporation and the Underwriters shall be entitled to rely on delivery by facsimile or portable document format of an executed copy of this Agreement and acceptance by the Corporation and the Underwriters of that delivery shall be legally effective to create a valid and binding agreement between the Corporation and the Underwriters in accordance with the terms of this Agreement.

26. **Acceptance**

If this letter accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Corporation, please communicate acceptance by executing where indicated below and returning a signed copy of this Agreement to the Underwriters.

[REMAINDER OF PAGE HAS BEEN LEFT BLANK INTENTIONALLY]

Yours very truly,

CORMARK SECURITIES INC.

Per: *"Jeff Kennedy"*
Authorized Signing Officer

PARADIGM CAPITAL INC.

Per: *"Barry Richards"*
Authorized Signing Officer

JACOB SECURITIES INC.

Per: *"Sasha Jacob"*
Authorized Signing Officer

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to with effect as of the date provided at the top of the first page of this Agreement.

SPHERE 3D CORPORATION

Per: *"Peter Tassiopoulos"*
Authorized Signing Officer

SCHEDULE “A”

UNITED STATES OFFERS AND SALES

As used in this Schedule “A”, capitalized terms used herein and not defined herein shall have the meaning ascribed thereto in the Agreement to which this Schedule is annexed and the following terms shall have the meanings indicated:

(a) “**Accredited Investor**” means an institutional accredited investor that satisfies one or more of the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D;

(b) “**Directed Selling Efforts**” means directed selling efforts as that term is defined in Rule 902(c) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Units and includes the placement of any advertisement in a publication “with a general circulation in the United States”, as such phrase is defined in Rule 902(c) of Regulation S, that refers to the offering of the Units;

(c) “**Foreign Issuer**” shall have the meaning ascribed thereto in Rule 902(e) Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule “A”, it means any issuer which is: (a) the government of any country other than the United States, of any political subdivision thereof or a national of any country other than the United States; or (b) a corporation or other organization incorporated under the laws of any country other than the United States, except an issuer meeting the following conditions as of the last business day of its most recently completed second fiscal quarter: (1) more than 50% of the outstanding voting securities of such issuer are held of record either directly or through voting trust certificates or depositary receipts by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents; (ii) more than 50% of the assets of the issuer are located in the United States; or (iii) the business of the issuer is administered principally in the United States;

(d) “**General Solicitation**” **or “General Advertising**” means “general solicitation” or “general advertising”, respectively, as used in Rule 502(c) of Regulation D, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising or in other any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;

(e) “**SEC**” means the U.S. Securities and Exchange Commission;

(f) “**Securities**” means units of the Corporation comprised of one Common Share and one- half of one Warrant;

(g) “**Substantial U.S. Market Interest**” means “substantial U.S. market interest” as that term is defined in Rule 902(j) of Regulation S; and

(h) "**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended.

Representations, Warranties and Covenants of the Underwriters

Each of the Underwriters acknowledges that none of the Securities, the Warrant Shares, the Compensation Shares and the Compensation Warrant Shares have been nor will be registered under the U.S. Securities Act or any applicable state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act or any applicable state securities laws. Accordingly, each of the Underwriters represents, warrants and covenants to the Corporation on its own behalf and on behalf of their respective U.S. broker dealer affiliate as of the date of the Agreement and as of the Closing Date that:

1. It has not offered or sold, and will not offer or sell, any Securities except (a) outside the United States in an offshore transaction in accordance with Rule 903 of Regulation S or (b) within the United States as provided in paragraphs 2 through 12 below. Accordingly, neither the Underwriters, their respective affiliates nor any persons acting on their behalf, has made or will make (except as permitted in paragraphs 2 through 12 below) (i) any offer to sell or any solicitation of an offer to buy, any Securities to, or for the benefit or account of, any person in the United States or a U.S. Person, (ii) any sale of Securities to any Purchaser unless, at the time the buy order was or will have been originated, the Purchaser was outside the United States and not a U.S. Person, or the Underwriters, affiliate or person acting on behalf of either reasonably believed that such Purchaser was outside the United States and not a U.S. Person, or (iii) any Directed Selling Efforts with respect to the Common Shares, Warrants and Warrant Shares.

2. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Securities, except with its affiliates, any selling group members or with the prior written consent of the Corporation. It shall require each such affiliate and selling group member to agree, for the benefit of the Corporation, to comply with, and shall use its commercially reasonable best efforts to ensure that each selling group member complies with, the same provisions of this Schedule as apply to the Underwriters as if such provisions applied to such affiliate or selling group member.

3. All offers and sales of Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person shall be made on behalf of the Underwriters by affiliates of the Underwriters that are duly registered with the SEC as broker-dealers pursuant to Section 15(b) of the U.S. Exchange Act and under the securities laws of each state in which such offers and sales were or are made (unless exempted from the respective state's broker-dealer registration requirements) and are members in good standing of the Financial Industry Regulatory Authority, Inc. (the "**U.S. Affiliates**").

4. Offers and sales of Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person shall not be made (i) by any form of General Solicitation or General Advertising or (ii) in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.

5. Any offer or solicitation of an offer to buy Securities that has been made or will be made in the United States or for the account or benefit of a person in the United States or a U.S. Person was or will be made only to Accredited Investors by the Underwriters through the U.S. Affiliates, and in transactions that are exempt from registration under the U.S. Securities Act and applicable state securities laws or regulations.

6. The Underwriters acting through the U.S. Affiliates may offer the Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person only to offerees with respect to which the Underwriters or the U.S. Affiliates have a pre-existing relationship and, immediately prior to soliciting offerees, have reasonable grounds to believe, and do believe, are Accredited Investors.

7. At least one Business Day prior to the Time of Closing, the Underwriters will provide the Corporation with a list of all United States Purchasers or who are purchasing for the account or benefit of a person in the United States or a U.S. Person.

8. The Underwriters will inform, and cause the U.S. Affiliates to inform, all United States Purchasers or for the account or benefit of a person in the United States or a U.S. Person that the Securities have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and are being sold to them pursuant to a transaction exempt from registration under the U.S. Securities Act or applicable state securities laws.

9. The Underwriters agree that at the Time of Closing, each of them, together with their respective U.S. Affiliates, if applicable, will provide a certificate, substantially in the form of Annex I to this Schedule “A”, relating to the manner of the offer of the Securities in the United States or for the account or benefit of a person in the United States.

10. Prior to any sale of Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person, each United States Purchaser will execute a United States Subscribers Representation Letter attached to the Subscription Agreement with respect to its purchase of the Securities.

11. Neither the Underwriters, their respective affiliates, nor any person acting on their behalf (other than the Corporation, its affiliates and any person acting on their behalf as to which no representation is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Securities Act in connection with the offer and sale of the Securities.

12. With respect to Securities to be offered and sold hereunder in reliance on Rule 506(b) under the U.S. Securities Act (“**Regulation D Securities**”), neither the Underwriters, nor their respective U.S. Affiliates, nor any of their respective general partners or managing members, nor any director or executive officer of any of the foregoing, nor any other officer of any of the foregoing participating in the offering of the Regulation D Securities, is subject to any of the “Bad Actor” disqualifications provisions described in Rule 506(d) under the U.S. Securities Act (a “**Disqualification Event**”). Neither the Underwriters, nor their respective U.S. Affiliates have paid or will pay, nor are they aware of any other person that has paid or will pay, directly or indirectly, any remuneration to any person (other than the Underwriters and their respective U.S. Affiliates) for solicitation of purchasers of Regulation D Securities.

Representations, Warranties and Covenants of the Corporation

The Corporation represents, warrants, covenants and agrees that as of the date of the Agreement and as of the Closing Date that:

1. The Corporation is a Foreign Issuer with no Substantial U.S. Market Interest in the Common Shares or the Securities and is not required to be registered as an “investment company” under the *United States Investment Company Act of 1940*, as amended.

2. Neither the Corporation nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.

3. Except with respect to sales to Accredited Investors hereunder in reliance upon an exemption from registration under the U.S. Securities Act provided by Rule 506(b) of Regulation D, neither the Corporation nor any of its affiliates, nor any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Securities to a person in the United States; or (B) any sale of Securities unless, at the time the buy order was or will have been originated, the Purchaser is (i) outside the United States, or (ii) the Corporation and any person acting on its behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation is made) reasonably believe that the Purchaser is outside the United States.

4. Neither it nor any of its affiliates, nor any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made), has made or will make any Directed Selling Efforts, or has taken or will take any action that would cause the exclusion afforded by Rule 903 of Regulation S to be unavailable for offers and sales of the Securities pursuant to this Agreement.

5. None of the Corporation, any of its affiliates or any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made) have (i) engaged or will engage in any form of General Solicitation or General Advertising with respect to offers or sales of the Securities in the United States, or (ii) undertaken any activity in a manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.

6. Since the date that is six months prior to start of the offering of the Securities: (i) it has not sold, offered for sale or solicited any offer to buy, and it will not sell, offer for sale or solicit any offer to buy, any of its securities in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Securities; and (ii) neither it nor any person acting on its behalf has engaged or will engage in any general solicitation or general advertising (within the meaning of Rule 502(c) of Regulation D) in connection with any offer or sale of its securities in reliance upon Rule 506(c) of Regulation D or otherwise in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Securities.

7. The Corporation will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable blue sky laws in connection with the offer and sale of the Securities.

8. With respect to Regulation D Securities, none of the Corporation, any of its predecessors, any affiliated issuer of the Corporation, any director or executive officer of the Corporation, any other officer of the Corporation participating in the offering of the Regulation D Securities, any beneficial owner of 20% or more of the Corporation’s outstanding voting equity securities, calculated on the basis of voting power, or any promoter connected with the Corporation in any capacity at the time of sale of the Regulation D Securities is subject to any Disqualification Event. The Corporation has not paid and will not pay, nor is it aware of any other person that has paid or will pay, directly or indirectly, any remuneration to any person (other than the Underwriters and their respective U.S. Affiliates) for solicitation of purchasers of Regulation D Securities.

9. None of the Corporation, any of its affiliates or any person acting on any of their behalf (other than the Underwriters, their respective affiliates, or any person acting on any of their behalf, in respect of which no representation, warranty, covenant or agreement is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Securities.

ANNEX I TO SCHEDULE "A"

UNDERWRITER'S CERTIFICATE

In connection with the private placement in the United States of the units (the "**Units**") of Sphere 3D Corporation (the "**Corporation**") pursuant to the underwriting agreement dated November 12, 2013 between the Corporation, Cormark Securities Inc., Paradigm Capital Inc. and Jacob Securities Inc. (the "**Underwriting Agreement**"), the undersigned do hereby certify as follows:

(i) **[U.S. broker-dealer affiliate]** is duly registered: (i) as a broker or dealer with the SEC; (ii) under the securities laws of each state in which offers and sales of Securities were made (unless exempted from the respective state's broker-dealer registration requirements); and (iii) with the Financial Industry Regulatory Authority, Inc. ("**FINRA**") and is a member of, and in good standing with FINRA on the date hereof;

(ii) immediately prior to offering Units to offerees in the United States or for the account or benefit of a person in the United States or a U.S. Person, we had reasonable grounds to believe and did believe that each such offeree was an Accredited Investor under the U.S. Securities Act and, on the date hereof, we continue to believe that each such offeree purchasing Units through us is an Accredited Investor;

(iii) no form of General Solicitation or General Advertising was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by General Solicitation or General Advertising, in connection with the offer or sale of the Units in the United States or for the account or benefit of a person in the United States or a U.S. Person;

(iv) we did not make any Directed Selling Efforts in the United States with respect to the Common Shares, Warrants and Warrant Shares;

(v) all offers and sales of Units in the United States or for the account or benefit of a person in the United States or a U.S. Person have been effected in accordance with all applicable U.S. state and federal laws governing the registration and conduct of brokers and dealers;

(vi) no written material was used in connection with the offer or sale of the Units in the United States or for the account or benefit of a person in the United States or a U.S. Person;

(vii) the offering of the Units in the United States or for the account or benefit of a person in the United States or a U.S. Person has been conducted by us in accordance with the Underwriting Agreement including Schedule "A" thereto; and

(viii) prior to any sale of Units in the United States or for the account or benefit of a person in the United States or a U.S. Person, we caused each United States Purchaser to execute a Subscription Agreement (including a United States Subscribers Representation Letter) in the form agreed between the Corporation and the Underwriters.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement, including Schedule “A’ thereto, unless defined herein.

DATED this ______day of November, 2013.

[UNDERWRITER]

By: ____________________________
Authorized Signing Officer

[U.S. BROKER-DEALER AFFILIATE]

By: ____________________________
Authorized Signing Officer

SCHEDULE "B"

LIST OF CONVERTIBLE SECURITIES

Security	**Expiry Date**	**Exercise Price $**	**Number of Common Shares Issuable**
Options	March 4, 2018	0.85	100,000
Options	July 3, 2018	0.65	275,000
Options	September 8, 2020	0.80	30,000
Options	January 16, 2022	0.70	100,000
Options	January 16, 2022	0.85	540,000
Options	September 19, 2022	0.85	300,000
Options	April 16, 2023	0.85	75,000
Options	July 2, 2023	0.65	850,000
Options	August 29, 2023	2.50	100,000
Options	September 15, 2023	2.68	450,000
Total Number of Options			**2,820,000**
Warrants	December 26, 2014	1.00	2,371,411
Total Number of Warrants			**2,371,411**

SCHEDULE "C"

DISCLOSURE STATEMENT

Section 4(b)

Mario Biasini, the President and a director of the Corporation, and John Morelli, the Chief Technology Officer and a director of the Corporation, entered into a Conversion of Debt Agreement effective as of February 1, 2012 whereby Mr. Morelli conveyed 571,429 Common Shares (the "**Subject Shares**") to Mr. Biasini as satisfaction in full of a loan in the principal amount of $400,000. Concurrently, the parties entered into an Option and Put Agreement effective as of February 1, 2012 (the "**Option and Put Agreement**") whereby Mr. Biasini granted Mr. Morelli a call option to acquire the Subject Shares and Mr. Biasini received a put option requiring Mr. Morelli to purchase the Subject Shares, upon and subject to the terms set out in the Option and Put Agreement. Pursuant to a Voting Trust Agreement dated February 1, 2012, Mr. Biasini appointed Mr. Morelli as the voting trustee with respect to the Subject Shares.

The Corporation entered into an Board Nomination Right Agreement dated July 15, 2013 (the "**Board Nomination Right Agreement**") with Mr. Kelly, the Chairman of the Board, which gives him the right to appoint one nominee to the Board, provided Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) 1,850,000 or more of the outstanding Common Shares. The Board Nomination Right Agreement further provides that Mr. Kelly shall serve in such capacity, unless he is unable to do so.

Certain shareholders holding 6,815,000 Common Shares or approximately 42% of the voting shares of the Corporation have entered into a Voting Agreements dated July 15, 2013 (the "**Voting Agreements**") whereby such shareholders have agreed to vote these Common Shares in favour of the amendment to the Corporation's stock option plan (which occurred at the shareholders meeting of the Corporation held on September 16, 2013), the ratification of the grant of the options to Mr. Kelly (which occurred at the shareholders meeting of the Corporation held on September 16, 2013), and the election to the Board of Mr. Kelly's nominee at any meeting of shareholders of the Corporation at which directors are to be elected. The Voting Agreements shall terminate if Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) less than 1,850,000 of the outstanding Common Shares.

Copies of the Board Nomination Right Agreement and Voting Agreements have been made available to the Underwriters and their counsel, and have been filed on SEDAR.

Section 4(gg)

Pursuant to a Supplier Agreement dated July 15, 2013 entered into between Overland Storage, Inc. ("**Overland**") and the Corporation (the "**Supply Agreement**"), the Corporation agreed to pay for up to $1.5 million of cloud infrastructure equipment purchases from Overland in the form of Common Shares as follows: (i) 769,231 Common Shares at an ascribed price of $0.65, having a value of $500,000 were issued on the closing date of July 15, 2013; and (ii) that number of Common Shares as is equal to $500,000 divided by the 10 trading day average of the closing price per share of Common Shares ending three trading days prior to each of the first and second year anniversary date of the Supply Agreement, to a maximum of 769,231 Common Shares on each date having a value of $500,000. Mr. Kelly, the Chairman of the Board, also serves as the President, Chief Executive Officer and a member of the board of directors of Overland.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.

Void after 5:00 p.m. (Toronto time) on the Expiry Date.

BROKER OPTIONS

Number of Broker Options: 30,000 | Broker Option Certificate No. CO-2

SPHERE 3D CORPORATION

(Organized under the laws of the Province of Ontario)

This is to certify that, for value received, Paradigm Capital Inc. (the "**Holder**"), shall have the right to purchase from Sphere 3D Corporation (the "**Corporation**"), at any time and from time to time up to 5:00 p.m. (Toronto time) (the "**Expiry Time**") on November 12, 2015 (the "**Expiry Date**"), as amended herein, one unit of the Corporation (a "**Unit**") for each Broker Option (individually, a "**Broker Option**") represented hereby at a price of Cdn$3.35 per Unit (the "**Exercise Price**"), upon and subject to the terms and conditions set forth herein. Each Unit shall be comprised of one fully paid and non-assessable common share in the capital of the Corporation (a "**Common Share**") and one-half of a common share purchase warrant (each whole warrant, a "**Warrant**"), each Warrant entitling the holder thereof to purchase one additional Common Share (a "**Warrant Share**") at a price of $4.50 per Warrant Share.

In the event that the closing price of the Common Shares on the TSX Venture Exchange (the "**TSXV**"), or such other principal stock exchange in Canada or the United States on which its Common Shares are listed and posted for trading, is in excess of $6.00 for a period of ten (10) consecutive trading days, the Corporation will have the right to accelerate the expiry date of the Warrants to such date that is not less than twenty (20) trading days following the date notice thereof is given to the Holders, as more particularly set forth in the certificate evidencing the Warrant.

The Warrants issuable upon exercise of the Broker Options evidenced hereby shall be issued pursuant to and governed by a warrant certificate, the form of which is attached hereto as Schedule "B". The number of Common Shares comprising part of each Unit (but not the number of Warrants) which the Holder is entitled to purchase upon exercise of the Broker Options and the Exercise Price shall be subject to adjustment as hereinafter provided.

1. For the purposes of this certificate (the "**Broker Option Certificate**"), the term "**Common Shares**" means common shares without par value in the capital of the Corporation as constituted as of the date hereof, provided that in the event of a subdivision, redivision, reduction, combination or consolidation thereof or any other adjustment under section 8 herein, or successive such subdivisions, redivisions, reductions, combinations, consolidations or other adjustments, then subject to the adjustments, if any, having been made in accordance with the provisions of this Broker Option Certificate, "**Common Shares**" shall thereafter mean the shares, other securities or other property resulting from such subdivision, redivision, reduction, combination or consolidation or other adjustment.

2. All Broker Option Certificates shall be signed by an officer of the Corporation holding office at the time of signing, or any successor or replacement of such person and notwithstanding any change in any of the persons holding said offices between the time of actual signing and the delivery of the Broker Option Certificate, the Broker Option Certificate so signed shall be valid and binding upon the Corporation.

3. All rights under any of the Broker Option Certificates in respect of which the right of subscription and purchase therein provided for shall not theretofore have been exercised shall wholly cease and such Broker Option Certificates and the Broker Options evidenced thereby shall be wholly void and of no valid or binding effect after the Expiry Time.

4. The right to purchase Units pursuant to the Broker Options may only be exercised by the Holder at or before the Expiry Time by:

(a) duly completing and executing a subscription substantially in the form attached as Schedule "A" (the "**Subscription Form**"), in the manner therein indicated; and

(b) surrendering this Broker Option Certificate and the duly completed and executed Subscription Form to the Corporation at or prior to the Expiry Time at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1, together with payment of the purchase price for the Units subscribed for in the form of certified cheque, money order or bank draft payable to the Corporation in an amount equal to the then applicable Exercise Price multiplied by the number of Units subscribed for. Any Broker Option Certificate, subscription form and cash, certified cheque, money order or bank draft shall be deemed to be surrendered only upon delivery thereof to the Corporation at its principal office in the manner provided for in this section 4.

5. Upon delivery and payment as set forth in section 4 herein, the Corporation shall cause to be issued to the Holder the number of Units subscribed for by the Holder and the Holder shall become a shareholder of the Corporation in respect of the Common Shares comprised in such Units with effect from the date of such delivery and payment and shall be entitled to delivery of certificates evidencing the Common Shares and Warrants comprising the Units. The Corporation shall cause such certificates to be mailed to the Holder at the address or addresses specified in the Subscription Form within five (5) business days of such delivery and payment as set forth in section 4 herein or, if so instructed by the Holder, held for pick-up by the Holder at the principal office of the Corporation set forth in Section 4 herein. Notwithstanding any adjustment provided for in section 8 herein, the Corporation shall not be required upon the exercise of any Broker Options to issue fractional Common Shares or Warrants in satisfaction of its obligations hereunder and the Holder understands and agrees that it will not be entitled to any cash payment or other form of compensation in respect of a fractional Common Share or Warrant that might otherwise have been issued.

6. The holding of a Broker Option shall not constitute the Holder a shareholder of the Corporation nor entitle him to any right or interest in respect thereof except as herein expressly provided.

7. The Corporation covenants and agrees that until the Expiry Time, while any of the Broker Options shall be outstanding, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the right of purchase herein provided, as such right of purchase may be adjusted pursuant to sections 8 and 9 herein. The Corporation further covenants and agrees that while any of the Broker Options shall be outstanding, the Corporation shall (a) comply with the securities legislation applicable to it; and (b) use its commercially reasonable best efforts to do or cause to be done all things necessary to preserve and maintain its corporate existence. All Common

Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Common Shares may at the time be purchased pursuant to the provisions hereof, shall be issued as fully paid and non-assessable shares and the holders thereof shall not be liable to the Corporation or its creditors in respect thereof.

8. (a) For the purpose of this section 8, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor:

"**Current Market Price**" of the Common Shares shall mean the volume weighted average price of the Common Shares during the period of twenty (20) consecutive trading days ending five (5) business days before such date on the TSXV or, if such Common Shares are not then listed and posted for trading on the TSXV, on such principal stock exchange in Canada or the United States on which such Common Shares are listed and posted for trading as may be selected by the board of directors of the Corporation, or if such Common Shares are not listed or posted for trading on any stock exchange then on the over-the-counter market; provided further that if the Common Shares are not then listed on any exchange or over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation acting reasonably and in good faith;

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

"**trading day**" with respect to a stock exchange means a day on which such stock exchange or market is open for business.

(b) If and whenever at any time after the date hereof and prior to the Expiry Time the Corporation shall (i) subdivide or redivide its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares or (iii) issue Common Shares (or securities exchangeable for or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of a stock dividend or other distribution (any of such events herein called a "**Common Share Reorganization**"), then the Exercise Price shall be adjusted effective immediately after the effective date of any such event in (i) or (ii) above or the record date at which the holders of Common Shares are determined for the purpose of any such dividend or distribution in (iii) above, as the case may be, by multiplying the Exercise Price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date, as the case may be, before giving effect to such Common Share Reorganization and the denominator of which shall be the 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 be outstanding if such securities were exchanged for or converted into Common Shares.

(c) If at any time after the date hereof and prior to the Expiry Time the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares, of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

(i) the numerator of which shall be the aggregate of

(A) the number of Common Shares outstanding on the record date for the Rights Offering; and

(B) the quotient determined by dividing

(I) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

(II) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

(ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this section 8(c), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this section 8(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(d) If at any time after the date hereof and prior to the Expiry Time, the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the Common Shares of:

(i) shares of the Corporation of any class other than Common Shares;

(ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date);

(iii) evidence of indebtedness of the Corporation; or

(iv) any property or assets of the Corporation (for greater certainty, excluding a cash dividend in the ordinary course);

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

(A) the numerator of which shall be the difference between

(I) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and

(II) the fair value, as determined by the directors of the Corporation, to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

(B) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this section 8(d), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

(e) If and whenever at any time after the date hereof and prior to the Expiry Time there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other

(e) If and whenever at any time after the date hereof and prior to the Expiry Time there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities), or a transfer of all or substantially all of the Corporation's undertaking and assets 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**"), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Broker Options, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Broker Options, the kind and aggregate number of Common Shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder has been the registered holder of the number of Common Shares to which the Holder was theretofore entitled to purchase or receive upon the exercise of the Broker Options. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Broker Option Certificate with respect to the rights and interest thereafter of the Holder such that the provisions of this Broker Option Certificate shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Broker Option Certificate.

(f) If and whenever at any time after the date hereof and prior to the Expiry Time, any of the events set out in sections 8 (b), (c), (d) or (e) herein shall occur and the occurrence of such event results in an adjustment of the Exercise Price pursuant to the provisions of this section 8, then the number of Common Shares purchasable pursuant to the Broker Options shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Common Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

(g) If the Corporation takes any action affecting its Common Shares to which the foregoing provisions of this section 8, in the opinion of the board of directors of the Corporation, acting in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes hereof, or would otherwise materially affect the rights of the Holder hereunder, then the Corporation shall, subject to the approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable), execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such manner as the board of directors of the Corporation may determine to be equitable in the circumstances, acting in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence that the board of directors has determined that it is equitable to make no adjustment in the circumstances.

(h) For greater certainty, the number of Warrants comprising part of each Unit issuable upon the exercise of each Broker Option will not be adjusted pursuant to the provisions of this section 8 and sections 9 and 10.

9. The following rules and procedures shall be applicable to the adjustments made pursuant to section 8 herein:

(a) any Common Shares owned or held by or for the account of the Corporation shall be deemed not be to outstanding except that, for the purposes of section 8 herein, any Common Shares owned by a pension plan or profit sharing plan for employees of the Corporation or any of its subsidiaries shall not be considered to be owned or held by or for the account of the Corporation;

(b) no adjustment in the Exercise Price or the number of Common Shares purchasable pursuant to this Broker Option shall be required unless a change of at least 1% of the prevailing Exercise Price or the number of Common Shares purchasable pursuant to this Broker Options would result, provided, however, that any adjustment which, except for the provisions of this section 9(b), would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;

(c) the adjustments provided for in section 8 herein are cumulative and shall apply to successive subdivisions, consolidations, dividends, distributions and other events resulting in any adjustment under the provisions of such section;

(d) in the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in section 8(b)(iii) herein, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected;

(e) if the Corporation sets a record date to take any action and thereafter and before the taking of such action abandons its plan to take such action, then no adjustment to the Exercise Price will be required by reason of the setting of such record date;

(f) as a condition precedent to the taking of any action which would require any adjustment to the Broker Options evidenced hereby, including the Exercise Price, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof;

(g) forthwith, but no later than fourteen (14) days, after any adjustment to the Exercise Price or the number of Common Shares purchasable pursuant to the Broker Options, the Corporation shall provide to the Holder a certificate of an officer of the Corporation certifying as to the amount of such adjustment and, in reasonable detail, describing the event requiring and the manner of computing or determining such adjustment;

(h) any question that at any time or from time to time arises with respect to the amount of any adjustment to the Exercise Price or other adjustment pursuant to section 8 herein shall be conclusively determined by a firm of independent chartered accountants (who may be the Corporation's auditors) and shall be binding upon the Corporation and the Holder;

(i) any adjustment to the Exercise Price under the terms of this Broker Option Certificate shall be subject to the prior approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable); and

(j) in case the Corporation, after the date of issue of this Broker Option Certificate, takes any action affecting the Common Shares, other than an action described in section 8 herein, which in the opinion of the directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Corporation, acting reasonably, but subject in all cases to any necessary regulatory approval, including approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable). Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares will be conclusive evidence that the board of directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.

10. At least 21 days prior to the effective date or record date, as the case may be, of any event referred to in section 8 herein, the Corporation shall notify the Holder of the particulars of such event and the estimated amount of any adjustment required as a result thereof.

11. On the happening of each and every such event set out in section 8 herein, the applicable provisions of this Broker Option Certificate, including the Exercise Price, shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended.

12. The Corporation shall not be required to deliver certificates for Common Shares or Warrants while the share transfer books of the Corporation are properly closed, having regard to the provisions of sections 8 and 9 herein, prior to any meeting of shareholders or for the payment of dividends or for any other purpose and in the event of the surrender of any Broker Option in accordance with the provisions hereof and the making of any subscription and payment for the Units called for thereby during any such period, delivery of certificates for Common Shares or Warrants may be postponed for not more than five (5) business days after the date of the re-opening of said share transfer books; provided, however, that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder so surrendering the same and making payment during such period to receive after the share transfer books shall have been re-opened such certificates for the Common Shares or Warrants called for, as the same may be adjusted pursuant to sections 8 and 9 herein as a result of the completion of the event in respect of which the transfer books were closed.

13. Subject as hereinafter provided, all or any of the rights conferred upon the Holder by the terms hereof may be enforced by the Holder by appropriate legal proceedings. No recourse under or upon any obligation, covenant or agreement contained herein shall be had against any shareholder, director or officer of the Corporation either directly or through the Corporation, it being expressly agreed and declared that the obligations under the Broker Options are solely corporate obligations and that no personal liability whatever shall attach to or be incurred by the shareholders, directors or officers of the Corporation or any of them in respect thereof, any and all rights and claims against every such shareholder, officer or director being hereby expressly waived as a condition of and as a consideration for the issue of the Broker Options.

14. The Holder may subscribe for and purchase any lesser number of Units than the number of Units expressed in any Broker Option Certificate. In the case of any subscription for a lesser number of Units than expressed in any Broker Option Certificate, the Holder hereof shall be entitled to receive, at no cost to the Holder, a new Broker Option Certificate in respect of the balance of Broker Options not then exercised. Such new Broker Option Certificate shall be mailed to the Holder by the Corporation or, at its direction, the transfer agent of the Corporation, contemporaneously with the mailing of the certificate or certificates representing the Common Shares and Warrants issued pursuant to section 5 herein.

15. If any Broker Option Certificate becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and sign a new Broker Option Certificate of like denomination, tenor and date as the Broker Option Certificate so stolen, lost, mutilated or destroyed for delivery to the Holder. The applicant for the issue of a new Broker Option Certificate pursuant to this section shall bear the cost of the issue thereof and in the case of mutilation shall as a condition precedent to the issue thereof, deliver to the Corporation the mutilated Broker Option Certificate, and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Broker Option Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation in its discretion, acting reasonably, and the applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation in its discretion, acting reasonably, and shall pay the reasonable charges of the Corporation in connection therewith.

16. The Holder may not transfer or assign the Broker Options represented hereby unless such transfer complies with applicable securities laws and the policies of the TSXV.

17. This Broker Option may not be exercised in the United States or by or on behalf of a “U.S. person”, as such term is defined in Regulation S under the United States Securities Act of 1933, as amended, unless an exemption from registration is available under the U.S. Securities Act and any applicable state securities laws and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Corporation.

18. Any certificate representing Common Shares or Warrants issued upon the exercise of this Broker Option may bear the following legends: "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS

> SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT."

19. The Corporation will maintain a register of holders of Broker Options at its principal office. The Corporation may deem and treat the registered holder of any Broker Option Certificate as the absolute owner of the Broker Options represented thereby for all purposes, and the Corporation shall not be affected by any notice or knowledge to the contrary except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. A Holder shall be entitled to the rights evidenced by such Broker Option free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any such Holder of the Common Shares and Warrants purchasable pursuant to such Broker Option shall be a good discharge to the Corporation for the same and the Corporation shall not be bound to inquire into the title of any such Holder except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

20. The Corporation shall notify the Holder forthwith of any change of the Corporation’s address.

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21. All notices to be sent hereunder shall be deemed to be validly given to the registered holders of the Broker Options if delivered personally or if sent by registered letter through the post addressed to such holders at their post office addresses appearing in the register of Broker Option holders caused to be maintained by the Corporation, and such notice shall be deemed to have been given, if delivered personally when so delivered, and if sent by post on the fifth business day next following the post thereof. 22. If for any reason, other than the failure or default of the Holder, the Corporation is unable to issue and deliver the Units or other securities as contemplated herein to the Holder upon the proper exercise by the Holder of the right to purchase any of the Units purchasable upon exercise of the Broker Options represented hereby, the Corporation may pay, at its option and in complete satisfaction of its obligations and the rights of the Holder hereunder, to the Holder, in cash, an amount equal to the difference between the Exercise Price and the Current Market Price of such Units or other securities on the date of exercise by the Holder, and upon such payment the Corporation shall have no liability or other obligation to the Holder relating to or in respect of the Broker Options or this Broker Option Certificate.

23. This Broker Option Certificate shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable herein.

24. All Broker Options shall rank *pari passu*, whatever may be the actual date of issue of the same.

25. If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Broker Option Certificate, but this Broker Option Certificate shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

26. This Broker Option Certificate shall enure to the benefit of and shall be binding upon the Holder and the Corporation and their respective successors and assigns.

IN WITNESS WHEREOF the Corporation has caused this Broker Option Certificate to be signed by its duly authorized officer.

DATED as of the 12th day of November, 2013.

SPHERE 3D CORPORATION

Per: *"Peter Tassiopoulos"*
Peter Tassiopoulos
Chief Executive Officer

Schedule "A"

SUBSCRIPTION FORM

TO BE COMPLETED IF BROKER OPTIONS ARE TO BE EXERCISED:

TO: **SPHERE 3D CORPORATION**
240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1

The undersigned hereby subscribes for Units of SPHERE 3D CORPORATION according to the terms and conditions set forth in the annexed Broker Option Certificate (or such number of other securities or property to which such Broker Option Certificate entitles the undersigned to acquire under the terms and conditions set forth in such Broker Option Certificate).

Registered Name: ______________________________

Address for Delivery of Units: ______________________________

____

Attention: ______________________________

Exercise Price Tendered (Cdn.$3.35 Per Unit or as adjusted) $ ______________________

The undersigned represents, warrants and certifies that at the time of exercise of this Broker Option that it (i) is not in the United States and is not exercising this Broker Option on behalf of a person in the United States; (ii) is not a "U.S. person" (a "U.S. Person"), as defined in Regulation S under the United States Securities Act of 1933, as amended, and is not exercising this Broker Option on behalf of a U.S. Person; and (iii) did not execute or deliver this subscription form in the United States.

Capitalized terms not defined herein shall have the meanings assigned to them in the Broker Option Certificate to which this subscription form is attached.

Dated at _________, this______ day of___________ , 20_____.

WITNESS:	)	______________________________
	)	**HOLDER'S NAME**
	)	______________________________
	)	**AUTHORIZED SIGNATURE**
	)	______________________________
	)	**TITLE (IF APPLICABLE)**

Signature guaranteed[1]: ______________________________

1. If the Units are to be registered in a name other than the name of the registered Broker Option Holder, the signature of the Broker Option Holder must be medallion guaranteed by a bank, trust company or a member of a stock exchange in Canada.

Schedule "B"

FORM OF WARRANT

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.

THE COMMON SHARES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT.

Void after 5:00 p.m. (Toronto time) on the Expiry Date.

WARRANT

For the purchase of Common Shares of

SPHERE 3D CORPORATION

(Organized under the laws of the Province of Ontario)

Number of Warrants: 15,000 | Warrant Certificate No. WA-2

This is to certify that, for value received, Paradigm Capital Inc. (the "**Holder**"), shall have the right to purchase from Sphere 3D Corporation (the "**Corporation**"), at any time and from time to time up to 5:00 p.m. (Toronto time) (the "**Expiry Time**") on November 12, 2015 (the "**Expiry Date**"), as amended herein, one fully paid and non-assessable common share in the capital of the Corporation (a "**Common Share**") for each Warrant (individually, a "**Warrant**") represented hereby at a price of Cdn$4.50 per Common Share (the "**Exercise Price**"), upon and subject to the terms and conditions set forth herein. In the event that the closing price of the Common Shares on the TSX Venture Exchange (the "**TSXV**"), or such other principal stock exchange in Canada or the United States on which its Common Shares are listed and posted for trading, is in excess of $6.00 for a period of ten (10) consecutive trading days, the Corporation will have the right to accelerate the expiry date of the Warrants to such date that is not less than twenty (20) trading days following the date notice thereof is given to the Holders.

1. For the purposes of this Warrant Certificate, the term "**Common Shares**" means common shares without par value in the capital of the Corporation as constituted as of the date hereof, provided that in the event of a subdivision, redivision, reduction, combination or consolidation thereof or any other adjustment under section 8 hereof, or successive such subdivisions, redivisions, reductions, combinations, consolidations or other adjustments, then subject to the adjustments, if any, having been made in accordance with the provisions of this Warrant Certificate, "**Common Shares**" shall thereafter mean the shares, other securities or other property resulting from such subdivision, redivision, reduction, combination or consolidation or other adjustment.

2. All Warrant Certificates shall be signed by an officer of the Corporation holding office at the time of signing, or any successor or replacement of such person and notwithstanding any change in any of the persons holding said offices between the time of actual signing and the delivery of the Warrant Certificate, the Warrant Certificate so signed shall be valid and binding upon the Corporation.

3. All rights under any of the Warrants in respect of which the right of subscription and purchase therein provided for shall not theretofore have been exercised shall wholly cease and such Warrants shall be wholly void and of no valid or binding effect after the Expiry Time.

4. The right to purchase Common Shares of the Corporation pursuant to the Warrants may only be exercised by the Holder at or before the Expiry Time by:

(a) duly completing and executing a subscription substantially in the form attached as Schedule "A" (the "**Subscription Form**"), in the manner therein indicated; and

(b) surrendering this Warrant Certificate and the duly completed and executed Subscription Form to the Corporation at or prior to the Expiry Time at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1, together with payment of the purchase price for the Common Shares subscribed for in the form of certified cheque, money order or bank draft payable to the Corporation in an amount equal to the then applicable Exercise Price multiplied by the number of Common Shares subscribed for.

5. Upon delivery and payment as set forth in section 4, the Corporation shall cause to be issued to the Holder the number of Common Shares subscribed for by the Holder and the Holder shall become a shareholder of the Corporation in respect of such Common Shares with effect from the date of such delivery and payment and shall be entitled to delivery of a certificate or certificates evidencing such shares. The Corporation shall cause such certificate or certificates to be mailed to the Holder at the address or addresses specified in the Subscription Form within five (5) business days of such delivery and payment as set forth in section 4 or, if so instructed by the Holder, held for pick-up by the Holder at the principal office of the Corporation set forth in Section 4 herein. Notwithstanding any adjustment provided for in section 8 hereof, the Corporation shall not be required upon the exercise of any Warrants to issue fractional Common Shares in satisfaction of its obligations hereunder and the Holder understands and agrees that it will not be entitled to any cash payment or other form of compensation in respect of a fractional Common Share that might otherwise have been issued.

6. The holding of a Warrant shall not constitute the Holder a shareholder of the Corporation nor entitle him to any right or interest in respect thereof except as herein expressly provided.

7. The Corporation covenants and agrees that until the Expiry Time, while any of the Warrants shall be outstanding, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the right of purchase herein provided, as such right of purchase may be adjusted pursuant to sections 8 and 9 hereof. The Corporation further covenants and agrees that while any of the Warrants shall be outstanding, the Corporation shall (a) comply with the securities legislation applicable to it; and (b) use its commercially reasonable best efforts to do or cause to be done all things necessary to preserve and maintain its corporate existence. All Common Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Common Shares may at the time be purchased pursuant to the provisions hereof, shall be issued as fully paid and non-assessable shares and the holders thereof shall not be liable to the Corporation or its creditors in respect thereof.

8. (a) For the purpose of this section 8, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor:

"**Current Market Price**" of the Common Shares shall mean the volume weighted average price of the Common Shares during the period of twenty (20) consecutive trading days ending five (5) business days before such date on the TSXV or, if such Common Shares are not then listed and posted for trading on the TSXV, on such principal stock exchange in Canada or the United States on which such Common Shares are listed and posted for trading as may be selected by the board of directors of the Corporation, or if such Common Shares are not listed or posted for trading on any stock exchange then on the over-the-counter market; provided further that if the Common Shares are not then listed on any exchange or over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation acting reasonably and in good faith;

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

"**trading day**" with respect to a stock exchange means a day on which such stock exchange or market is open for business.

(b) If at any time after November 12, 2013 and prior to the Expiry Time the Corporation shall (i) subdivide or redivide its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares or (iii) issue Common Shares (or securities exchangeable for or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of a stock dividend or other distribution (any of such events herein called a "**Common Share Reorganization**"), then the Exercise Price shall be adjusted effective immediately after the effective date of any such event in (i) or (ii) above or the record date at which the holders of Common Shares are determined for the purpose of any such dividend or distribution in (iii) above, as the case may be, by multiplying the Exercise Price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date, as the case may be, before giving effect to such Common Share Reorganization and the denominator of which shall be the 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 be outstanding if such securities were exchanged for or converted into Common Shares.

(c) If at any time after November 12, 2013 and prior to the Expiry Time the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares, of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

(i) the numerator of which shall be the aggregate of

(A) the number of Common Shares outstanding on the record date for the Rights Offering; and

(B) the quotient determined by dividing

(I) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

(II) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

(ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this section 8(c), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this section 8(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(d) If at any time after November 12, 2013 and prior to the Expiry Time, the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the Common Shares of:

(i) shares of the Corporation of any class other than Common Shares;

(ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date);

(iii) evidence of indebtedness of the Corporation; or

(iv) any property or assets of the Corporation (for greater certainty, excluding a cash dividend in the ordinary course);

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

(A) the numerator of which shall be the difference between

(I) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and

(II) the fair value, as determined by the directors of the Corporation, to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

(B) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this section 8(d), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

(e) If at any time after November 12, 2013 and prior to the Expiry Time there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other entity (other

(e) If at any time after November 12, 2013 and prior to the Expiry Time there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities), or a transfer of all or substantially all of the Corporation's undertaking and assets 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**"), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of Common Shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder has been the registered holder of the number of Common Shares to which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interest thereafter of the Holder such that the provisions of this Warrant Certificate shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Warrant Certificate.

(f) If at any time after November 12, 2013 and prior to the Expiry Time, any of the events set out in sections 8 (b), (c), (d) or (e) shall occur and the occurrence of such event results in an adjustment of the Exercise Price pursuant to the provisions of this section 8, then the number of Common Shares purchasable pursuant to this Warrant shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Common Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

(g) If the Corporation takes any action affecting its Common Shares to which the foregoing provisions of this section 8, in the opinion of the board of directors of the Corporation, acting in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes hereof, or would otherwise materially affect the rights of the Holder hereunder, then the Corporation shall, subject to the approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable), execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such manner as the board of directors of the Corporation may determine to be equitable in the circumstances, acting in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence that the board of directors has determined that it is equitable to make no adjustment in the circumstances.

9. The following rules and procedures shall be applicable to the adjustments made pursuant to section 8:

(a) any Common Shares owned or held by or for the account of the Corporation shall be deemed not be to outstanding except that, for the purposes of section 8, any Common Shares owned by a pension plan or profit sharing plan for employees of the Corporation or any of its subsidiaries shall not be considered to be owned or held by or for the account of the Corporation;

(b) no adjustment in the Exercise Price or the number of Common Shares purchasable pursuant to this Warrant shall be required unless a change of at least 1% of the prevailing Exercise Price or the number of Common Shares purchasable pursuant to this Warrant would result, provided, however, that any adjustment which, except for the provisions of this section 9(b), would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;

(c) the adjustments provided for in section 8 are cumulative and shall apply to successive subdivisions, consolidations, dividends, distributions and other events resulting in any adjustment under the provisions of such section;

(d) in the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in section 8(b)(iii) above, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected;

(e) if the Corporation sets a record date to take any action and thereafter and before the taking of such action abandons its plan to take such action, then no adjustment to the Exercise Price will be required by reason of the setting of such record date;

(f) as a condition precedent to the taking of any action which would require any adjustment to the Warrants evidenced hereby, including the Exercise Price, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof;

(g) forthwith, but no later than fourteen (14) days, after any adjustment to the Exercise Price or the number of Common Shares purchasable pursuant to the Warrants, the Corporation shall provide to the Holder a certificate of an officer of the Corporation certifying as to the amount of such adjustment and, in reasonable detail, describing the event requiring and the manner of computing or determining such adjustment;

(h) any question that at any time or from time to time arises with respect to the amount of any adjustment to the Exercise Price or other adjustment pursuant to section 8 shall be conclusively determined by a firm of independent chartered accountants (who may be the Corporation's auditors) and shall be binding upon the Corporation and the Holder;

(i) any adjustment to the Exercise Price under the terms of this Warrant Certificate shall be subject to the prior approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable); and

(j) in case the Corporation, after the date of issue of this Warrant Certificate, takes any action affecting the Common Shares, other than an action described in Section 8, which in the opinion of the directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Corporation, acting reasonably, but subject in all cases to any necessary regulatory approval, including approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable). Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares will be conclusive evidence that the board of directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.

10. At least 21 days prior to the effective date or record date, as the case may be, of any event referred to in section 8 herein, the Corporation shall notify the Holder of the particulars of such event and the estimated amount of any adjustment required as a result thereof.

11. On the happening of each and every such event set out in section 8, the applicable provisions of this Warrant Certificate, including the Exercise Price, shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended.

12. The Corporation shall not be required to deliver certificates for Common Shares while the share transfer books of the Corporation are properly closed, having regard to the provisions of sections 8 and 9 hereof, prior to any meeting of shareholders or for the payment of dividends or for any other purpose and in the event of the surrender of any Warrant in accordance with the provisions hereof and the making of any subscription and payment for the Common Shares called for thereby during any such period, delivery of certificates for Common Shares may be postponed for not more than five (5) business days after the date of the re-opening of said share transfer books; provided, however, that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder so surrendering the same and making payment during such period to receive after the share transfer books shall have been re-opened such certificates for the Common Shares called for, as the same may be adjusted pursuant to sections 8 and 9 hereof as a result of the completion of the event in respect of which the transfer books were closed.

13. Subject as hereinafter provided, all or any of the rights conferred upon the Holder by the terms hereof may be enforced by the Holder by appropriate legal proceedings. No recourse under or upon any obligation, covenant or agreement contained herein shall be had against any shareholder, director or officer of the Corporation either directly or through the Corporation, it being expressly agreed and declared that the obligations under the Warrants are solely corporate obligations and that no personal liability whatever shall attach to or be incurred by the shareholders, directors or officers of the Corporation or any of them in respect thereof, any and all rights and claims against every such shareholder, officer or director being hereby expressly waived as a condition of and as a consideration for the issue of the Warrants.

14. The Holder may subscribe for and purchase any lesser number of Common Shares than the number of Common Shares expressed in any Warrant Certificate. In the case of any subscription for a lesser number of Common Shares than expressed in any Warrant Certificate, the Holder hereof shall be entitled to receive, at no cost to the Holder, a new Warrant Certificate in respect of the balance of Warrants not then exercised. Such new Warrant Certificate shall be mailed to the Holder by the Corporation or, at its direction, the transfer agent of the Corporation, contemporaneously with the mailing of the certificate or certificates representing the Common Shares issued pursuant to section 5.

15. If any Warrant Certificate becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and sign a new Warrant Certificate of like denomination, tenor and date as the Warrant Certificate so stolen, lost, mutilated or destroyed for delivery to the Holder. The applicant for the issue of a new Warrant Certificate pursuant to this section shall bear the cost of the issue thereof and in the case of mutilation shall as a condition precedent to the issue thereof, deliver to the Corporation the mutilated Warrant Certificate, and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation in its discretion, acting reasonably, and the applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation in its discretion, acting reasonably, and shall pay the reasonable charges of the Corporation in connection therewith.

16. The Holder may not transfer or assign the Warrants represented hereby unless such transfer complies with applicable securities laws and the policies of the TSXV.

17. Warrants may not be exercised in the United States or by or on behalf of a “U.S. person”, as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), unless an exemption from registration is available under the U.S. Securities Act and any applicable state securities laws and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Corporation.

18. Any certificate representing Common Shares issued upon the exercise of this Warrant may bear the following legends: "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS

> SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT."

19. The Corporation will maintain a register of holders of Warrants at its principal office. The Corporation may deem and treat the registered holder of any Warrant Certificate as the absolute owner of the Warrants represented thereby for all purposes, and the Corporation shall not be affected by any notice or knowledge to the contrary except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. A Holder shall be entitled to the rights evidenced by such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any such Holder of the Common Shares purchasable pursuant to such Warrant shall be a good discharge to the Corporation for the same and the Corporation shall not be bound to inquire into the title of any such Holder except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

20. The Corporation shall notify the Holder forthwith of any change of the Corporation’s address.

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21. In addition to all other powers conferred upon them by law, the registered holders of Warrants shall have the power from time to time by an extraordinary resolution (as hereinafter defined):

(a) to sanction any modification, abrogation, alteration or compromise of the rights of the registered holders of Warrants against the Corporation which shall be agreed to by the Corporation; and/or

(b) to assent to any modification of or change in or omission from the provisions contained herein or in any instrument ancillary or supplemental hereto which shall be agreed to by the Corporation; and/or

(c) to restrain any registered holder of a Warrant from taking or instituting any suit or proceedings against the Corporation for the enforcement of any of the covenants on the part of the Corporation conferred upon the registered holders of Warrants by the terms of the Warrants.

Any such extraordinary resolution as aforesaid shall be binding upon all the registered holders of Warrants whether or not assenting in writing to any such extraordinary resolution, and each registered holder of any of the Warrants shall be bound to give effect thereto accordingly. Such extraordinary resolution shall, where applicable, be binding on the Corporation which shall give effect thereto accordingly.

The Corporation shall forthwith upon receipt of an extraordinary resolution provide notice to all registered holders of Warrants of the date and text of such resolution. The registered holders of Warrants assenting to an extraordinary resolution agree to provide the Corporation forthwith with a copy of any extraordinary resolution passed.

The expression "extraordinary resolution" when used herein means, in respect of a matter to be considered by holder of Warrants, (i) an instrument or instruments in writing signed by holders of Warrants representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants, or (ii) a resolution passed by the affirmative vote of holders of Warrants representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants represented and voting on a poll at a duly convened meeting of holders of Warrants.

22. All notices to be sent hereunder shall be deemed to be validly given to the registered holders of the Warrants if delivered personally or if sent by registered letter through the post addressed to such holders at their post office addresses appearing in the register of Warrant holders caused to be maintained by the Corporation, and such notice shall be deemed to have been given, if delivered personally when so delivered, and if sent by post on the fifth business day next following the post thereof.

23. If for any reason, other than the failure or default of the Holder, the Corporation is unable to issue and deliver the Common Shares or other securities as contemplated herein to the Holder upon the proper exercise by the Holder of the right to purchase any of the Common Shares purchasable upon exercise of the Warrants represented hereby, the Corporation may pay, at its option and in complete satisfaction of its obligations and the rights of the Holder hereunder, to the Holder, in cash, an amount equal to the difference between the Exercise Price and the Current Market Price of such Common Shares or other securities on the date of exercise by the Holder, and upon such payment the Corporation shall have no liability or other obligation to the Holder relating to or in respect of the Warrants or this Warrant Certificate.

24. This Warrant Certificate shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable herein.

25. All Warrants shall rank *pari passu*, whatever may be the actual date of issue of the same.

26. If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Warrant Certificate, but this Warrant Certificate shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

27. This Warrant Certificate shall enure to the benefit of and shall be binding upon the Holder and the Corporation and their respective successors and assigns.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer.

DATED as of the ______day of ________________, 20_____.

SPHERE 3D CORPORATION

Per: ____

Peter Tassiopoulos
Chief Executive Officer

Schedule "A"

SUBSCRIPTION FORM

TO BE COMPLETED IF WARRANTS ARE TO BE EXERCISED:

TO: **SPHERE 3D CORPORATION**
240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1

The undersigned hereby subscribes for Common Shares of Sphere 3D Corporation according to the terms and conditions set forth in the annexed Warrant Certificate (or such number of other securities or property to which such Warrant Certificate entitles the undersigned to acquire under the terms and conditions set forth in such Warrant Certificate).

Registered Name: ____

Address for Delivery of Common Shares: ____

____

Attention: ____

Exercise Price Tendered (Cdn.$4.50 per Common Share or as adjusted) $ ________________________

The undersigned represents, warrants and certifies that at the time of exercise of these Warrants that it (i) is not in the United States and is not exercising these Warrants on behalf of a person in the United States; (ii) is not a "U.S. person" (a "**U.S. Person**"), as defined in Regulation S under the United States Securities Act of 1933, as amended, and is not exercising these Warrants on behalf of a U.S. Person; and (iii) did not execute or deliver this subscription form in the United States.

Capitalized terms not defined herein shall have the meanings assigned to them in the Warrant Certificate to which this subscription form is attached.

Dated at__________________ , this_____ day of ___________, 20______ .

	)	____
	)	
WITNESS:	)	**HOLDER'S NAME**
	)	
	)	____
	)	**AUTHORIZED SIGNATURE**
	)	
	)	____
	)	**TITLE (IF APPLICABLE)**

Signature guaranteed[1]:

1. If the Common Shares are to be registered in a name other than the name of the registered Warrant Holder, the signature of the Warrant Holder must be medallion guaranteed by a bank, trust company or a member of a stock exchange in Canada.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.

Void after 5:00 p.m. (Toronto time) on the Expiry Date.

BROKER OPTIONS

Number of Broker Options: 10,000 Broker Option Certificate No. CO-3

SPHERE 3D CORPORATION

(Organized under the laws of the Province of Ontario)

This is to certify that, for value received, NBCN Inc. ITF Jacob Securities Inc. (the "**Holder**"), shall have the right to purchase from Sphere 3D Corporation (the "**Corporation**"), at any time and from time to time up to 5:00 p.m. (Toronto time) (the "**Expiry Time**") on November 12, 2015 (the "**Expiry Date**"), as amended herein, one unit of the Corporation (a "**Unit**") for each Broker Option (individually, a "**Broker Option**") represented hereby at a price of Cdn$3.35 per Unit (the "**Exercise Price**"), upon and subject to the terms and conditions set forth herein. Each Unit shall be comprised of one fully paid and non-assessable common share in the capital of the Corporation (a "**Common Share**") and one-half of a common share purchase warrant (each whole warrant, a "**Warrant**"), each Warrant entitling the holder thereof to purchase one additional Common Share (a "**Warrant Share**") at a price of $4.50 per Warrant Share.

In the event that the closing price of the Common Shares on the TSX Venture Exchange (the "**TSXV**"), or such other principal stock exchange in Canada or the United States on which its Common Shares are listed and posted for trading, is in excess of $6.00 for a period of ten (10) consecutive trading days, the Corporation will have the right to accelerate the expiry date of the Warrants to such date that is not less than twenty (20) trading days following the date notice thereof is given to the Holders, as more particularly set forth in the certificate evidencing the Warrant.

The Warrants issuable upon exercise of the Broker Options evidenced hereby shall be issued pursuant to and governed by a warrant certificate, the form of which is attached hereto as Schedule "B". The number of Common Shares comprising part of each Unit (but not the number of Warrants) which the Holder is entitled to purchase upon exercise of the Broker Options and the Exercise Price shall be subject to adjustment as hereinafter provided.

1. For the purposes of this certificate (the "**Broker Option Certificate**"), the term "**Common Shares**" means common shares without par value in the capital of the Corporation as constituted as of the date hereof, provided that in the event of a subdivision, redivision, reduction, combination or consolidation thereof or any other adjustment under section 8 herein, or successive such subdivisions, redivisions, reductions, combinations, consolidations or other adjustments, then subject to the adjustments, if any, having been made in accordance with the provisions of this Broker Option Certificate, "**Common Shares**" shall thereafter mean the shares, other securities or other property resulting from such subdivision, redivision, reduction, combination or consolidation or other adjustment.

2. All Broker Option Certificates shall be signed by an officer of the Corporation holding office at the time of signing, or any successor or replacement of such person and notwithstanding any change in any of the persons holding said offices between the time of actual signing and the delivery of the Broker Option Certificate, the Broker Option Certificate so signed shall be valid and binding upon the Corporation.

3. All rights under any of the Broker Option Certificates in respect of which the right of subscription and purchase therein provided for shall not theretofore have been exercised shall wholly cease and such Broker Option Certificates and the Broker Options evidenced thereby shall be wholly void and of no valid or binding effect after the Expiry Time.

4. The right to purchase Units pursuant to the Broker Options may only be exercised by the Holder at or before the Expiry Time by:

(a) duly completing and executing a subscription substantially in the form attached as Schedule "A" (the "**Subscription Form**"), in the manner therein indicated; and

(b) surrendering this Broker Option Certificate and the duly completed and executed Subscription Form to the Corporation at or prior to the Expiry Time at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1, together with payment of the purchase price for the Units subscribed for in the form of certified cheque, money order or bank draft payable to the Corporation in an amount equal to the then applicable Exercise Price multiplied by the number of Units subscribed for. Any Broker Option Certificate, subscription form and cash, certified cheque, money order or bank draft shall be deemed to be surrendered only upon delivery thereof to the Corporation at its principal office in the manner provided for in this section 4.

5. Upon delivery and payment as set forth in section 4 herein, the Corporation shall cause to be issued to the Holder the number of Units subscribed for by the Holder and the Holder shall become a shareholder of the Corporation in respect of the Common Shares comprised in such Units with effect from the date of such delivery and payment and shall be entitled to delivery of certificates evidencing the Common Shares and Warrants comprising the Units. The Corporation shall cause such certificates to be mailed to the Holder at the address or addresses specified in the Subscription Form within five (5) business days of such delivery and payment as set forth in section 4 herein or, if so instructed by the Holder, held for pick-up by the Holder at the principal office of the Corporation set forth in Section 4 herein. Notwithstanding any adjustment provided for in section 8 herein, the Corporation shall not be required upon the exercise of any Broker Options to issue fractional Common Shares or Warrants in satisfaction of its obligations hereunder and the Holder understands and agrees that it will not be entitled to any cash payment or other form of compensation in respect of a fractional Common Share or Warrant that might otherwise have been issued.

6. The holding of a Broker Option shall not constitute the Holder a shareholder of the Corporation nor entitle him to any right or interest in respect thereof except as herein expressly provided.

7. The Corporation covenants and agrees that until the Expiry Time, while any of the Broker Options shall be outstanding, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the right of purchase herein provided, as such right of purchase may be adjusted pursuant to sections 8 and 9 herein. The Corporation further covenants and agrees that while any of the Broker Options shall be outstanding, the Corporation shall (a) comply with the securities legislation applicable to it; and (b) use its commercially reasonable best efforts to do or cause to be done all things necessary to preserve and maintain its corporate existence. All Common Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Common Shares may at the time be purchased pursuant to the provisions hereof, shall be issued as fully paid and non-assessable shares and the holders thereof shall not be liable to the Corporation or its creditors in respect thereof.

8. (a) For the purpose of this section 8, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor:

"**Current Market Price**" of the Common Shares shall mean the volume weighted average price of the Common Shares during the period of twenty (20) consecutive trading days ending five (5) business days before such date on the TSXV or, if such Common Shares are not then listed and posted for trading on the TSXV, on such principal stock exchange in Canada or the United States on which such Common Shares are listed and posted for trading as may be selected by the board of directors of the Corporation, or if such Common Shares are not listed or posted for trading on any stock exchange then on the over-the-counter market; provided further that if the Common Shares are not then listed on any exchange or over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation acting reasonably and in good faith;

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

"**trading day**" with respect to a stock exchange means a day on which such stock exchange or market is open for business.

(b) If and whenever at any time after the date hereof and prior to the Expiry Time the Corporation shall (i) subdivide or redivide its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares or (iii) issue Common Shares (or securities exchangeable for or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of a stock dividend or other distribution (any of such events herein called a "**Common Share Reorganization**"), then the Exercise Price shall be adjusted effective immediately after the effective date of any such event in (i) or (ii) above or the record date at which the holders of Common Shares are determined for the purpose of any such dividend or distribution in (iii) above, as the case may be, by multiplying the Exercise Price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date, as the case may be, before giving effect to such Common Share Reorganization and the denominator of which shall be the 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 be outstanding if such securities were exchanged for or converted into Common Shares.

(c) If at any time after the date hereof and prior to the Expiry Time the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares, of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

(i) the numerator of which shall be the aggregate of

(A) the number of Common Shares outstanding on the record date for the Rights Offering; and

(B) the quotient determined by dividing

(I) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

(II) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

(ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this section 8(c), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this section 8(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(d) If at any time after the date hereof and prior to the Expiry Time, the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the Common Shares of:

(i) shares of the Corporation of any class other than Common Shares;

(ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date);

(iii) evidence of indebtedness of the Corporation; or

(iv) any property or assets of the Corporation (for greater certainty, excluding a cash dividend in the ordinary course);

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

(A) the numerator of which shall be the difference between

(I) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and

(II) the fair value, as determined by the directors of the Corporation, to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

(B) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this section 8(d), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

(e) If and whenever at any time after the date hereof and prior to the Expiry Time there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities), or a transfer of all or substantially all of the Corporation's undertaking and assets 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**"), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Broker Options, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Broker Options, the kind and aggregate number of Common Shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder has been the registered holder of the number of Common Shares to which the Holder was theretofore entitled to purchase or receive upon the exercise of the Broker Options. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Broker Option Certificate with respect to the rights and interest thereafter of the Holder such that the provisions of this Broker Option Certificate shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Broker Option Certificate.

(f) If and whenever at any time after the date hereof and prior to the Expiry Time, any of the events set out in sections 8 (b), (c), (d) or (e) herein shall occur and the occurrence of such event results in an adjustment of the Exercise Price pursuant to the provisions of this section 8, then the number of Common Shares purchasable pursuant to the Broker Options shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Common Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

(g) If the Corporation takes any action affecting its Common Shares to which the foregoing provisions of this section 8, in the opinion of the board of directors of the Corporation, acting in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes hereof, or would otherwise materially affect the rights of the Holder hereunder, then the Corporation shall, subject to the approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable), execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such manner as the board of directors of the Corporation may determine to be equitable in the circumstances, acting in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence that the board of directors has determined that it is equitable to make no adjustment in the circumstances.

(h) For greater certainty, the number of Warrants comprising part of each Unit issuable upon the exercise of each Broker Option will not be adjusted pursuant to the provisions of this section 8 and sections 9 and 10.

9. The following rules and procedures shall be applicable to the adjustments made pursuant to section 8 herein:

(a) any Common Shares owned or held by or for the account of the Corporation shall be deemed not be to outstanding except that, for the purposes of section 8 herein, any Common Shares owned by a pension plan or profit sharing plan for employees of the Corporation or any of its subsidiaries shall not be considered to be owned or held by or for the account of the Corporation;

(b) no adjustment in the Exercise Price or the number of Common Shares purchasable pursuant to this Broker Option shall be required unless a change of at least 1% of the prevailing Exercise Price or the number of Common Shares purchasable pursuant to this Broker Options would result, provided, however, that any adjustment which, except for the provisions of this section 9(b), would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;

(c) the adjustments provided for in section 8 herein are cumulative and shall apply to successive subdivisions, consolidations, dividends, distributions and other events resulting in any adjustment under the provisions of such section;

(d) in the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in section 8(b)(iii) herein, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected;

(e) if the Corporation sets a record date to take any action and thereafter and before the taking of such action abandons its plan to take such action, then no adjustment to the Exercise Price will be required by reason of the setting of such record date;

(f) as a condition precedent to the taking of any action which would require any adjustment to the Broker Options evidenced hereby, including the Exercise Price, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof;

(g) forthwith, but no later than fourteen (14) days, after any adjustment to the Exercise Price or the number of Common Shares purchasable pursuant to the Broker Options, the Corporation shall provide to the Holder a certificate of an officer of the Corporation certifying as to the amount of such adjustment and, in reasonable detail, describing the event requiring and the manner of computing or determining such adjustment;

(h) any question that at any time or from time to time arises with respect to the amount of any adjustment to the Exercise Price or other adjustment pursuant to section 8 herein shall be conclusively determined by a firm of independent chartered accountants (who may be the Corporation's auditors) and shall be binding upon the Corporation and the Holder;

(i) any adjustment to the Exercise Price under the terms of this Broker Option Certificate shall be subject to the prior approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable); and

(j) in case the Corporation, after the date of issue of this Broker Option Certificate, takes any action affecting the Common Shares, other than an action described in section 8 herein, which in the opinion of the directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Corporation, acting reasonably, but subject in all cases to any necessary regulatory approval, including approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable). Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares will be conclusive evidence that the board of directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.

10. At least 21 days prior to the effective date or record date, as the case may be, of any event referred to in section 8 herein, the Corporation shall notify the Holder of the particulars of such event and the estimated amount of any adjustment required as a result thereof.

11. On the happening of each and every such event set out in section 8 herein, the applicable provisions of this Broker Option Certificate, including the Exercise Price, shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended.

12. The Corporation shall not be required to deliver certificates for Common Shares or Warrants while the share transfer books of the Corporation are properly closed, having regard to the provisions of sections 8 and 9 herein, prior to any meeting of shareholders or for the payment of dividends or for any other purpose and in the event of the surrender of any Broker Option in accordance with the provisions hereof and the making of any subscription and payment for the Units called for thereby during any such period, delivery of certificates for Common Shares or Warrants may be postponed for not more than five (5) business days after the date of the re-opening of said share transfer books; provided, however, that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder so surrendering the same and making payment during such period to receive after the share transfer books shall have been re-opened such certificates for the Common Shares or Warrants called for, as the same may be adjusted pursuant to sections 8 and 9 herein as a result of the completion of the event in respect of which the transfer books were closed.

13. Subject as hereinafter provided, all or any of the rights conferred upon the Holder by the terms hereof may be enforced by the Holder by appropriate legal proceedings. No recourse under or upon any obligation, covenant or agreement contained herein shall be had against any shareholder, director or officer of the Corporation either directly or through the Corporation, it being expressly agreed and declared that the obligations under the Broker Options are solely corporate obligations and that no personal liability whatever shall attach to or be incurred by the shareholders, directors or officers of the Corporation or any of them in respect thereof, any and all rights and claims against every such shareholder, officer or director being hereby expressly waived as a condition of and as a consideration for the issue of the Broker Options.

14. The Holder may subscribe for and purchase any lesser number of Units than the number of Units expressed in any Broker Option Certificate. In the case of any subscription for a lesser number of Units than expressed in any Broker Option Certificate, the Holder hereof shall be entitled to receive, at no cost to the Holder, a new Broker Option Certificate in respect of the balance of Broker Options not then exercised. Such new Broker Option Certificate shall be mailed to the Holder by the Corporation or, at its direction, the transfer agent of the Corporation, contemporaneously with the mailing of the certificate or certificates representing the Common Shares and Warrants issued pursuant to section 5 herein.

15. If any Broker Option Certificate becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and sign a new Broker Option Certificate of like denomination, tenor and date as the Broker Option Certificate so stolen, lost, mutilated or destroyed for delivery to the Holder. The applicant for the issue of a new Broker Option Certificate pursuant to this section shall bear the cost of the issue thereof and in the case of mutilation shall as a condition precedent to the issue thereof, deliver to the Corporation the mutilated Broker Option Certificate, and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Broker Option Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation in its discretion, acting reasonably, and the applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation in its discretion, acting reasonably, and shall pay the reasonable charges of the Corporation in connection therewith.

16. The Holder may not transfer or assign the Broker Options represented hereby unless such transfer complies with applicable securities laws and the policies of the TSXV.

17. This Broker Option may not be exercised in the United States or by or on behalf of a "U.S. person", as such term is defined in Regulation S under the United States Securities Act of 1933, as amended, unless an exemption from registration is available under the U.S. Securities Act and any applicable state securities laws and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Corporation.

18. Any certificate representing Common Shares or Warrants issued upon the exercise of this Broker Option may bear the following legends: "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS

> SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT."

19. The Corporation will maintain a register of holders of Broker Options at its principal office. The Corporation may deem and treat the registered holder of any Broker Option Certificate as the absolute owner of the Broker Options represented thereby for all purposes, and the Corporation shall not be affected by any notice or knowledge to the contrary except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. A Holder shall be entitled to the rights evidenced by such Broker Option free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any such Holder of the Common Shares and Warrants purchasable pursuant to such Broker Option shall be a good discharge to the Corporation for the same and the Corporation shall not be bound to inquire into the title of any such Holder except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

20. The Corporation shall notify the Holder forthwith of any change of the Corporation's address.

21. All notices to be sent hereunder shall be deemed to be validly given to the registered holders of the Broker Options if delivered personally or if sent by registered letter through the post addressed to such holders at their post office addresses appearing in the register of Broker Option holders caused to be maintained by the Corporation, and such notice shall be deemed to have been given, if delivered personally when so delivered, and if sent by post on the fifth business day next following the post thereof.

22. If for any reason, other than the failure or default of the Holder, the Corporation is unable to issue and deliver the Units or other securities as contemplated herein to the Holder upon the proper exercise by the Holder of the right to purchase any of the Units purchasable upon exercise of the Broker Options represented hereby, the Corporation may pay, at its option and in complete satisfaction of its obligations and the rights of the Holder hereunder, to the Holder, in cash, an amount equal to the difference between the Exercise Price and the Current Market Price of such Units or other securities on the date of exercise by the Holder, and upon such payment the Corporation shall have no liability or other obligation to the Holder relating to or in respect of the Broker Options or this Broker Option Certificate.

23. This Broker Option Certificate shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable herein.

24. All Broker Options shall rank *pari passu*, whatever may be the actual date of issue of the same.

25. If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Broker Option Certificate, but this Broker Option Certificate shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

26. This Broker Option Certificate shall enure to the benefit of and shall be binding upon the Holder and the Corporation and their respective successors and assigns.

IN WITNESS WHEREOF the Corporation has caused this Broker Option Certificate to be signed by its duly authorized officer.

DATED as of the 12th day of November, 2013.

SPHERE 3D CORPORATION

Per: *"Peter Tassiopoulos"*
Peter Tassiopoulos
Chief Executive Officer

Schedule "A"

SUBSCRIPTION FORM

TO BE COMPLETED IF BROKER OPTIONS ARE TO BE EXERCISED:

TO: **SPHERE 3D CORPORATION**
240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1

The undersigned hereby subscribes for __________________ Units of SPHERE 3D CORPORATION according to the terms and conditions set forth in the annexed Broker Option Certificate (or such number of other securities or property to which such Broker Option Certificate entitles the undersigned to acquire under the terms and conditions set forth in such Broker Option Certificate).

Registered Name: ____

Address for Delivery of Units: ____

____

____

Attention: ____

Exercise Price Tendered (Cdn.$3.35 Per Unit or as adjusted) $__________________

The undersigned represents, warrants and certifies that at the time of exercise of this Broker Option that it (i) is not in the United States and is not exercising this Broker Option on behalf of a person in the United States; (ii) is not a "U.S. person" (a "U.S. Person"), as defined in Regulation S under the United States Securities Act of 1933, as amended, and is not exercising this Broker Option on behalf of a U.S. Person; and (iii) did not execute or deliver this subscription form in the United States.

Capitalized terms not defined herein shall have the meanings assigned to them in the Broker Option Certificate to which this subscription form is attached.

Dated at __________________, this _____day of __________________, 20_____.

WITNESS:) ____
) **HOLDER'S NAME**

) ____
) **AUTHORIZED SIGNATURE**

) ____
) **TITLE (IF APPLICABLE)**

Signature guaranteed[1]:

1. If the Units are to be registered in a name other than the name of the registered Broker Option Holder, the signature of the Broker Option Holder must be medallion guaranteed by a bank, trust company or a member of a stock exchange in Canada.

Schedule "B"

FORM OF WARRANT

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.

THE COMMON SHARES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT.

Void after 5:00 p.m. (Toronto time) on the Expiry Date.

WARRANT

For the purchase of Common Shares of

SPHERE 3D CORPORATION

(Organized under the laws of the Province of Ontario)

Number of Warrants: 5,000 Warrant Certificate No. WA-3

This is to certify that, for value received, NBCN Inc. ITF Jacob Securities Inc. (the "**Holder**"), shall have the right to purchase from Sphere 3D Corporation (the "**Corporation**"), at any time and from time to time up to 5:00 p.m. (Toronto time) (the "**Expiry Time**") on November 12, 2015 (the "**Expiry Date**"), as amended herein, one fully paid and non-assessable common share in the capital of the Corporation (a "**Common Share**") for each Warrant (individually, a "**Warrant**") represented hereby at a price of Cdn$4.50 per Common Share (the "**Exercise Price**"), upon and subject to the terms and conditions set forth herein. In the event that the closing price of the Common Shares on the TSX Venture Exchange (the "**TSXV**"), or such other principal stock exchange in Canada or the United States on which its Common Shares are listed and posted for trading, is in excess of $6.00 for a period of ten (10) consecutive trading days, the Corporation will have the right to accelerate the expiry date of the Warrants to such date that is not less than twenty (20) trading days following the date notice thereof is given to the Holders.

1. For the purposes of this Warrant Certificate, the term "**Common Shares**" means common shares without par value in the capital of the Corporation as constituted as of the date hereof, provided that in the event of a subdivision, redivision, reduction, combination or consolidation thereof or any other adjustment under section 8 hereof, or successive such subdivisions, redivisions, reductions, combinations, consolidations or other adjustments, then subject to the adjustments, if any, having been made in accordance with the provisions of this Warrant Certificate, "**Common Shares**" shall thereafter mean the shares, other securities or other property resulting from such subdivision, redivision, reduction, combination or consolidation or other adjustment.

2. All Warrant Certificates shall be signed by an officer of the Corporation holding office at the time of signing, or any successor or replacement of such person and notwithstanding any change in any of the persons holding said offices between the time of actual signing and the delivery of the Warrant Certificate, the Warrant Certificate so signed shall be valid and binding upon the Corporation.

3. All rights under any of the Warrants in respect of which the right of subscription and purchase therein provided for shall not theretofore have been exercised shall wholly cease and such Warrants shall be wholly void and of no valid or binding effect after the Expiry Time.

4. The right to purchase Common Shares of the Corporation pursuant to the Warrants may only be exercised by the Holder at or before the Expiry Time by:

(a) duly completing and executing a subscription substantially in the form attached as Schedule "A" (the "**Subscription Form**"), in the manner therein indicated; and

(b) surrendering this Warrant Certificate and the duly completed and executed Subscription Form to the Corporation at or prior to the Expiry Time at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1, together with payment of the purchase price for the Common Shares subscribed for in the form of certified cheque, money order or bank draft payable to the Corporation in an amount equal to the then applicable Exercise Price multiplied by the number of Common Shares subscribed for.

5. Upon delivery and payment as set forth in section 4, the Corporation shall cause to be issued to the Holder the number of Common Shares subscribed for by the Holder and the Holder shall become a shareholder of the Corporation in respect of such Common Shares with effect from the date of such delivery and payment and shall be entitled to delivery of a certificate or certificates evidencing such shares. The Corporation shall cause such certificate or certificates to be mailed to the Holder at the address or addresses specified in the Subscription Form within five (5) business days of such delivery and payment as set forth in section 4 or, if so instructed by the Holder, held for pick-up by the Holder at the principal office of the Corporation set forth in Section 4 herein. Notwithstanding any adjustment provided for in section 8 hereof, the Corporation shall not be required upon the exercise of any Warrants to issue fractional Common Shares in satisfaction of its obligations hereunder and the Holder understands and agrees that it will not be entitled to any cash payment or other form of compensation in respect of a fractional Common Share that might otherwise have been issued.

6. The holding of a Warrant shall not constitute the Holder a shareholder of the Corporation nor entitle him to any right or interest in respect thereof except as herein expressly provided.

7. The Corporation covenants and agrees that until the Expiry Time, while any of the Warrants shall be outstanding, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the right of purchase herein provided, as such right of purchase may be adjusted pursuant to sections 8 and 9 hereof. The Corporation further covenants and agrees that while any of the Warrants shall be outstanding, the Corporation shall (a) comply with the securities legislation applicable to it; and (b) use its commercially reasonable best efforts to do or cause to be done all things necessary to preserve and maintain its corporate existence. All Common Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Common Shares may at the time be purchased pursuant to the provisions hereof, shall be issued as fully paid and non-assessable shares and the holders thereof shall not be liable to the Corporation or its creditors in respect thereof.

8. (a) For the purpose of this section 8, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor:

"**Current Market Price**" of the Common Shares shall mean the volume weighted average price of the Common Shares during the period of twenty (20) consecutive trading days ending five (5) business days before such date on the TSXV or, if such Common Shares are not then listed and posted for trading on the TSXV, on such principal stock exchange in Canada or the United States on which such Common Shares are listed and posted for trading as may be selected by the board of directors of the Corporation, or if such Common Shares are not listed or posted for trading on any stock exchange then on the over-the-counter market; provided further that if the Common Shares are not then listed on any exchange or over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation acting reasonably and in good faith;

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

"**trading day**" with respect to a stock exchange means a day on which such stock exchange or market is open for business.

(b) If at any time after November 12, 2013 and prior to the Expiry Time the Corporation shall (i) subdivide or redivide its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares or (iii) issue Common Shares (or securities exchangeable for or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of a stock dividend or other distribution (any of such events herein called a "**Common Share Reorganization**"), then the Exercise Price shall be adjusted effective immediately after the effective date of any such event in (i) or (ii) above or the record date at which the holders of Common Shares are determined for the purpose of any such dividend or distribution in (iii) above, as the case may be, by multiplying the Exercise Price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date, as the case may be, before giving effect to such Common Share Reorganization and the denominator of which shall be the 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 be outstanding if such securities were exchanged for or converted into Common Shares.

(c) If at any time after November 12, 2013 and prior to the Expiry Time the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares, of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

(i) the numerator of which shall be the aggregate of

(A) the number of Common Shares outstanding on the record date for the Rights Offering; and

(B) the quotient determined by dividing

(I) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

(II) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

(ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this section 8(c), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this section 8(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(d) If at any time after November 12, 2013 and prior to the Expiry Time, the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the Common Shares of:

(i) shares of the Corporation of any class other than Common Shares;

(ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date);

(iii) evidence of indebtedness of the Corporation; or

(iv) any property or assets of the Corporation (for greater certainty, excluding a cash dividend in the ordinary course);

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

(A) the numerator of which shall be the difference between

(I) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and

(II) the fair value, as determined by the directors of the Corporation, to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

(B) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this section 8(d), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

(e) If at any time after November 12, 2013 and prior to the Expiry Time there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities), or a transfer of all or substantially all of the Corporation's undertaking and assets 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**"), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of Common Shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder has been the registered holder of the number of Common Shares to which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interest thereafter of the Holder such that the provisions of this Warrant Certificate shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Warrant Certificate.

(f) If at any time after November 12, 2013 and prior to the Expiry Time, any of the events set out in sections 8 (b), (c), (d) or (e) shall occur and the occurrence of such event results in an adjustment of the Exercise Price pursuant to the provisions of this section 8, then the number of Common Shares purchasable pursuant to this Warrant shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Common Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

(g) If the Corporation takes any action affecting its Common Shares to which the foregoing provisions of this section 8, in the opinion of the board of directors of the Corporation, acting in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes hereof, or would otherwise materially affect the rights of the Holder hereunder, then the Corporation shall, subject to the approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable), execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such manner as the board of directors of the Corporation may determine to be equitable in the circumstances, acting in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence that the board of directors has determined that it is equitable to make no adjustment in the circumstances.

9. The following rules and procedures shall be applicable to the adjustments made pursuant to section 8:

(a) any Common Shares owned or held by or for the account of the Corporation shall be deemed not be to outstanding except that, for the purposes of section 8, any Common Shares owned by a pension plan or profit sharing plan for employees of the Corporation or any of its subsidiaries shall not be considered to be owned or held by or for the account of the Corporation;

(b) no adjustment in the Exercise Price or the number of Common Shares purchasable pursuant to this Warrant shall be required unless a change of at least 1% of the prevailing Exercise Price or the number of Common Shares purchasable pursuant to this Warrant would result, provided, however, that any adjustment which, except for the provisions of this section 9(b), would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;

(c) the adjustments provided for in section 8 are cumulative and shall apply to successive subdivisions, consolidations, dividends, distributions and other events resulting in any adjustment under the provisions of such section;

(d) in the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in section 8(b)(iii) above, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected;

(e) if the Corporation sets a record date to take any action and thereafter and before the taking of such action abandons its plan to take such action, then no adjustment to the Exercise Price will be required by reason of the setting of such record date;

(f) as a condition precedent to the taking of any action which would require any adjustment to the Warrants evidenced hereby, including the Exercise Price, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof;

(g) forthwith, but no later than fourteen (14) days, after any adjustment to the Exercise Price or the number of Common Shares purchasable pursuant to the Warrants, the Corporation shall provide to the Holder a certificate of an officer of the Corporation certifying as to the amount of such adjustment and, in reasonable detail, describing the event requiring and the manner of computing or determining such adjustment;

(h) any question that at any time or from time to time arises with respect to the amount of any adjustment to the Exercise Price or other adjustment pursuant to section 8 shall be conclusively determined by a firm of independent chartered accountants (who may be the Corporation's auditors) and shall be binding upon the Corporation and the Holder;

(i) any adjustment to the Exercise Price under the terms of this Warrant Certificate shall be subject to the prior approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable); and

(j) in case the Corporation, after the date of issue of this Warrant Certificate, takes any action affecting the Common Shares, other than an action described in Section 8, which in the opinion of the directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Corporation, acting reasonably, but subject in all cases to any necessary regulatory approval, including approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable). Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares will be conclusive evidence that the board of directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.

10. At least 21 days prior to the effective date or record date, as the case may be, of any event referred to in section 8 herein, the Corporation shall notify the Holder of the particulars of such event and the estimated amount of any adjustment required as a result thereof.

11. On the happening of each and every such event set out in section 8, the applicable provisions of this Warrant Certificate, including the Exercise Price, shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended.

12. The Corporation shall not be required to deliver certificates for Common Shares while the share transfer books of the Corporation are properly closed, having regard to the provisions of sections 8 and 9 hereof, prior to any meeting of shareholders or for the payment of dividends or for any other purpose and in the event of the surrender of any Warrant in accordance with the provisions hereof and the making of any subscription and payment for the Common Shares called for thereby during any such period, delivery of certificates for Common Shares may be postponed for not more than five (5) business days after the date of the re-opening of said share transfer books; provided, however, that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder so surrendering the same and making payment during such period to receive after the share transfer books shall have been re-opened such certificates for the Common Shares called for, as the same may be adjusted pursuant to sections 8 and 9 hereof as a result of the completion of the event in respect of which the transfer books were closed.

13. Subject as hereinafter provided, all or any of the rights conferred upon the Holder by the terms hereof may be enforced by the Holder by appropriate legal proceedings. No recourse under or upon any obligation, covenant or agreement contained herein shall be had against any shareholder, director or officer of the Corporation either directly or through the Corporation, it being expressly agreed and declared that the obligations under the Warrants are solely corporate obligations and that no personal liability whatever shall attach to or be incurred by the shareholders, directors or officers of the Corporation or any of them in respect thereof, any and all rights and claims against every such shareholder, officer or director being hereby expressly waived as a condition of and as a consideration for the issue of the Warrants.

14. The Holder may subscribe for and purchase any lesser number of Common Shares than the number of Common Shares expressed in any Warrant Certificate. In the case of any subscription for a lesser number of Common Shares than expressed in any Warrant Certificate, the Holder hereof shall be entitled to receive, at no cost to the Holder, a new Warrant Certificate in respect of the balance of Warrants not then exercised. Such new Warrant Certificate shall be mailed to the Holder by the Corporation or, at its direction, the transfer agent of the Corporation, contemporaneously with the mailing of the certificate or certificates representing the Common Shares issued pursuant to section 5.

15. If any Warrant Certificate becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and sign a new Warrant Certificate of like denomination, tenor and date as the Warrant Certificate so stolen, lost, mutilated or destroyed for delivery to the Holder. The applicant for the issue of a new Warrant Certificate pursuant to this section shall bear the cost of the issue thereof and in the case of mutilation shall as a condition precedent to the issue thereof, deliver to the Corporation the mutilated Warrant Certificate, and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation in its discretion, acting reasonably, and the applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation in its discretion, acting reasonably, and shall pay the reasonable charges of the Corporation in connection therewith.

16. The Holder may not transfer or assign the Warrants represented hereby unless such transfer complies with applicable securities laws and the policies of the TSXV.

17. Warrants may not be exercised in the United States or by or on behalf of a "U.S. person", as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), unless an exemption from registration is available under the U.S. Securities Act and any applicable state securities laws and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Corporation.

18. Any certificate representing Common Shares issued upon the exercise of this Warrant may bear the following legends:

> "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT."

19. The Corporation will maintain a register of holders of Warrants at its principal office. The Corporation may deem and treat the registered holder of any Warrant Certificate as the absolute owner of the Warrants represented thereby for all purposes, and the Corporation shall not be affected by any notice or knowledge to the contrary except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. A Holder shall be entitled to the rights evidenced by such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any such Holder of the Common Shares purchasable pursuant to such Warrant shall be a good discharge to the Corporation for the same and the Corporation shall not be bound to inquire into the title of any such Holder except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

20. The Corporation shall notify the Holder forthwith of any change of the Corporation's address.

21. In addition to all other powers conferred upon them by law, the registered holders of Warrants shall have the power from time to time by an extraordinary resolution (as hereinafter defined):

(a) to sanction any modification, abrogation, alteration or compromise of the rights of the registered holders of Warrants against the Corporation which shall be agreed to by the Corporation; and/or

(b) to assent to any modification of or change in or omission from the provisions contained herein or in any instrument ancillary or supplemental hereto which shall be agreed to by the Corporation; and/or

(c) to restrain any registered holder of a Warrant from taking or instituting any suit or proceedings against the Corporation for the enforcement of any of the covenants on the part of the Corporation conferred upon the registered holders of Warrants by the terms of the Warrants.

Any such extraordinary resolution as aforesaid shall be binding upon all the registered holders of Warrants whether or not assenting in writing to any such extraordinary resolution, and each registered holder of any of the Warrants shall be bound to give effect thereto accordingly. Such extraordinary resolution shall, where applicable, be binding on the Corporation which shall give effect thereto accordingly.

The Corporation shall forthwith upon receipt of an extraordinary resolution provide notice to all registered holders of Warrants of the date and text of such resolution. The registered holders of Warrants assenting to an extraordinary resolution agree to provide the Corporation forthwith with a copy of any extraordinary resolution passed.

The expression "extraordinary resolution" when used herein means, in respect of a matter to be considered by holder of Warrants, (i) an instrument or instruments in writing signed by holders of Warrants representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants, or (ii) a resolution passed by the affirmative vote of holders of Warrants representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants represented and voting on a poll at a duly convened meeting of holders of Warrants.

22. All notices to be sent hereunder shall be deemed to be validly given to the registered holders of the Warrants if delivered personally or if sent by registered letter through the post addressed to such holders at their post office addresses appearing in the register of Warrant holders caused to be maintained by the Corporation, and such notice shall be deemed to have been given, if delivered personally when so delivered, and if sent by post on the fifth business day next following the post thereof.

23. If for any reason, other than the failure or default of the Holder, the Corporation is unable to issue and deliver the Common Shares or other securities as contemplated herein to the Holder upon the proper exercise by the Holder of the right to purchase any of the Common Shares purchasable upon exercise of the Warrants represented hereby, the Corporation may pay, at its option and in complete satisfaction of its obligations and the rights of the Holder hereunder, to the Holder, in cash, an amount equal to the difference between the Exercise Price and the Current Market Price of such Common Shares or other securities on the date of exercise by the Holder, and upon such payment the Corporation shall have no liability or other obligation to the Holder relating to or in respect of the Warrants or this Warrant Certificate.

24. This Warrant Certificate shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable herein.

25. All Warrants shall rank *pari passu*, whatever may be the actual date of issue of the same.

26. If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Warrant Certificate, but this Warrant Certificate shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

27. This Warrant Certificate shall enure to the benefit of and shall be binding upon the Holder and the Corporation and their respective successors and assigns.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer.

DATED as of the _____day of ___________________, 20_____.

SPHERE 3D CORPORATION

Per: ______________________________

Peter Tassiopoulos
Chief Executive Officer

Schedule "A"

SUBSCRIPTION FORM

TO BE COMPLETED IF WARRANTS ARE TO BE EXERCISED:

TO: **SPHERE 3D CORPORATION**
240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1

The undersigned hereby subscribes for __________________Common Shares of Sphere 3D Corporation according to the terms and conditions set forth in the annexed Warrant Certificate (or such number of other securities or property to which such Warrant Certificate entitles the undersigned to acquire under the terms and conditions set forth in such Warrant Certificate).

Registered Name: ______________________________

Address for Delivery of Common Shares: ______________________________

____

____

Attention: ______________________________

Exercise Price Tendered (Cdn.$4.50 per Common Share or as adjusted) $__________________

The undersigned represents, warrants and certifies that at the time of exercise of these Warrants that it (i) is not in the United States and is not exercising these Warrants on behalf of a person in the United States; (ii) is not a "U.S. person" (a "**U.S. Person**"), as defined in Regulation S under the United States Securities Act of 1933, as amended, and is not exercising these Warrants on behalf of a U.S. Person; and (iii) did not execute or deliver this subscription form in the United States.

Capitalized terms not defined herein shall have the meanings assigned to them in the Warrant Certificate to which this subscription form is attached.

Dated at __________________, this _____day of __________________, 20_____.

	)	
	)	______________________________
WITNESS:	)	**HOLDER'S NAME**
	)	
	)	______________________________
	)	**AUTHORIZED SIGNATURE**
	)	
	)	______________________________
	)	**TITLE (IF APPLICABLE)**

Signature guaranteed[1]:

1. If the Common Shares are to be registered in a name other than the name of the registered Warrant Holder, the signature of the Warrant Holder must be medallion guaranteed by a bank, trust company or a member of a stock exchange in Canada.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.

Void after 5:00 p.m. (Toronto time) on the Expiry Date.

BROKER OPTIONS

Number of Broker Options: 60,000 Broker Option Certificate No. CO-1

SPHERE 3D CORPORATION

(Organized under the laws of the Province of Ontario)

This is to certify that, for value received, Cormark Securities Inc. (the "**Holder**"), shall have the right to purchase from Sphere 3D Corporation (the "**Corporation**"), at any time and from time to time up to 5:00 p.m. (Toronto time) (the "**Expiry Time**") on November 12, 2015 (the "**Expiry Date**"), as amended herein, one unit of the Corporation (a "**Unit**") for each Broker Option (individually, a "**Broker Option**") represented hereby at a price of Cdn$3.35 per Unit (the "**Exercise Price**"), upon and subject to the terms and conditions set forth herein. Each Unit shall be comprised of one fully paid and non-assessable common share in the capital of the Corporation (a "**Common Share**") and one-half of a common share purchase warrant (each whole warrant, a "**Warrant**"), each Warrant entitling the holder thereof to purchase one additional Common Share (a "**Warrant Share**") at a price of $4.50 per Warrant Share.

In the event that the closing price of the Common Shares on the TSX Venture Exchange (the "**TSXV**"), or such other principal stock exchange in Canada or the United States on which its Common Shares are listed and posted for trading, is in excess of $6.00 for a period of ten (10) consecutive trading days, the Corporation will have the right to accelerate the expiry date of the Warrants to such date that is not less than twenty (20) trading days following the date notice thereof is given to the Holders, as more particularly set forth in the certificate evidencing the Warrant.

The Warrants issuable upon exercise of the Broker Options evidenced hereby shall be issued pursuant to and governed by a warrant certificate, the form of which is attached hereto as Schedule "B". The number of Common Shares comprising part of each Unit (but not the number of Warrants) which the Holder is entitled to purchase upon exercise of the Broker Options and the Exercise Price shall be subject to adjustment as hereinafter provided.

1. For the purposes of this certificate (the "**Broker Option Certificate**"), the term "**Common Shares**" means common shares without par value in the capital of the Corporation as constituted as of the date hereof, provided that in the event of a subdivision, redivision, reduction, combination or consolidation thereof or any other adjustment under section 8 herein, or successive such subdivisions, redivisions, reductions, combinations, consolidations or other adjustments, then subject to the adjustments, if any, having been made in accordance with the provisions of this Broker Option Certificate, "**Common Shares**" shall thereafter mean the shares, other securities or other property resulting from such subdivision, redivision, reduction, combination or consolidation or other adjustment.

2. All Broker Option Certificates shall be signed by an officer of the Corporation holding office at the time of signing, or any successor or replacement of such person and notwithstanding any change in any of the persons holding said offices between the time of actual signing and the delivery of the Broker Option Certificate, the Broker Option Certificate so signed shall be valid and binding upon the Corporation.

3. All rights under any of the Broker Option Certificates in respect of which the right of subscription and purchase therein provided for shall not theretofore have been exercised shall wholly cease and such Broker Option Certificates and the Broker Options evidenced thereby shall be wholly void and of no valid or binding effect after the Expiry Time.

4. The right to purchase Units pursuant to the Broker Options may only be exercised by the Holder at or before the Expiry Time by:

(a) duly completing and executing a subscription substantially in the form attached as Schedule "A" (the "**Subscription Form**"), in the manner therein indicated; and

(b) surrendering this Broker Option Certificate and the duly completed and executed Subscription Form to the Corporation at or prior to the Expiry Time at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1, together with payment of the purchase price for the Units subscribed for in the form of certified cheque, money order or bank draft payable to the Corporation in an amount equal to the then applicable Exercise Price multiplied by the number of Units subscribed for. Any Broker Option Certificate, subscription form and cash, certified cheque, money order or bank draft shall be deemed to be surrendered only upon delivery thereof to the Corporation at its principal office in the manner provided for in this section 4.

5. Upon delivery and payment as set forth in section 4 herein, the Corporation shall cause to be issued to the Holder the number of Units subscribed for by the Holder and the Holder shall become a shareholder of the Corporation in respect of the Common Shares comprised in such Units with effect from the date of such delivery and payment and shall be entitled to delivery of certificates evidencing the Common Shares and Warrants comprising the Units. The Corporation shall cause such certificates to be mailed to the Holder at the address or addresses specified in the Subscription Form within five (5) business days of such delivery and payment as set forth in section 4 herein or, if so instructed by the Holder, held for pick-up by the Holder at the principal office of the Corporation set forth in Section 4 herein. Notwithstanding any adjustment provided for in section 8 herein, the Corporation shall not be required upon the exercise of any Broker Options to issue fractional Common Shares or Warrants in satisfaction of its obligations hereunder and the Holder understands and agrees that it will not be entitled to any cash payment or other form of compensation in respect of a fractional Common Share or Warrant that might otherwise have been issued.

6. The holding of a Broker Option shall not constitute the Holder a shareholder of the Corporation nor entitle him to any right or interest in respect thereof except as herein expressly provided.

7. The Corporation covenants and agrees that until the Expiry Time, while any of the Broker Options shall be outstanding, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the right of purchase herein provided, as such right of purchase may be adjusted pursuant to sections 8 and 9 herein. The Corporation further covenants and agrees that while any of the Broker Options shall be outstanding, the Corporation shall (a) comply with the securities legislation applicable to it; and (b) use its commercially reasonable best efforts to do or cause to be done all things necessary to preserve and maintain its corporate existence. All Common Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Common Shares may at the time be purchased pursuant to the provisions hereof, shall be issued as fully paid and non-assessable shares and the holders thereof shall not be liable to the Corporation or its creditors in respect thereof.

8. (a) For the purpose of this section 8, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor:

"**Current Market Price**" of the Common Shares shall mean the volume weighted average price of the Common Shares during the period of twenty (20) consecutive trading days ending five (5) business days before such date on the TSXV or, if such Common Shares are not then listed and posted for trading on the TSXV, on such principal stock exchange in Canada or the United States on which such Common Shares are listed and posted for trading as may be selected by the board of directors of the Corporation, or if such Common Shares are not listed or posted for trading on any stock exchange then on the over-the-counter market; provided further that if the Common Shares are not then listed on any exchange or over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation acting reasonably and in good faith;

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

"**trading day**" with respect to a stock exchange means a day on which such stock exchange or market is open for business.

(b) If and whenever at any time after the date hereof and prior to the Expiry Time the Corporation shall (i) subdivide or redivide its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares or (iii) issue Common Shares (or securities exchangeable for or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of a stock dividend or other distribution (any of such events herein called a "**Common Share Reorganization**"), then the Exercise Price shall be adjusted effective immediately after the effective date of any such event in (i) or (ii) above or the record date at which the holders of Common Shares are determined for the purpose of any such dividend or distribution in (iii) above, as the case may be, by multiplying the Exercise Price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date, as the case may be, before giving effect to such Common Share Reorganization and the denominator of which shall be the 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 be outstanding if such securities were exchanged for or converted into Common Shares.

(c) If at any time after the date hereof and prior to the Expiry Time the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares, of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

(i) the numerator of which shall be the aggregate of

(A) the number of Common Shares outstanding on the record date for the Rights Offering; and

(B) the quotient determined by dividing

(I) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

(II) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

(ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this section 8(c), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this section 8(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(d) If at any time after the date hereof and prior to the Expiry Time, the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the Common Shares of:

(i) shares of the Corporation of any class other than Common Shares;

(ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date);

(iii) evidence of indebtedness of the Corporation; or

(iv) any property or assets of the Corporation (for greater certainty, excluding a cash dividend in the ordinary course);

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

(A) the numerator of which shall be the difference between

(I) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and

(II) the fair value, as determined by the directors of the Corporation, to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

(B) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this section 8(d), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

(e) If and whenever at any time after the date hereof and prior to the Expiry Time there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities), or a transfer of all or substantially all of the Corporation's undertaking and assets 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**"), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Broker Options, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Broker Options, the kind and aggregate number of Common Shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder has been the registered holder of the number of Common Shares to which the Holder was theretofore entitled to purchase or receive upon the exercise of the Broker Options. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Broker Option Certificate with respect to the rights and interest thereafter of the Holder such that the provisions of this Broker Option Certificate shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Broker Option Certificate.

(f) If and whenever at any time after the date hereof and prior to the Expiry Time, any of the events set out in sections 8 (b), (c), (d) or (e) herein shall occur and the occurrence of such event results in an adjustment of the Exercise Price pursuant to the provisions of this section 8, then the number of Common Shares purchasable pursuant to the Broker Options shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Common Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

(g) If the Corporation takes any action affecting its Common Shares to which the foregoing provisions of this section 8, in the opinion of the board of directors of the Corporation, acting in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes hereof, or would otherwise materially affect the rights of the Holder hereunder, then the Corporation shall, subject to the approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable), execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such manner as the board of directors of the Corporation may determine to be equitable in the circumstances, acting in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence that the board of directors has determined that it is equitable to make no adjustment in the circumstances.

(h) For greater certainty, the number of Warrants comprising part of each Unit issuable upon the exercise of each Broker Option will not be adjusted pursuant to the provisions of this section 8 and sections 9 and 10.

9. The following rules and procedures shall be applicable to the adjustments made pursuant to section 8 herein:

(a) any Common Shares owned or held by or for the account of the Corporation shall be deemed not be to outstanding except that, for the purposes of section 8 herein, any Common Shares owned by a pension plan or profit sharing plan for employees of the Corporation or any of its subsidiaries shall not be considered to be owned or held by or for the account of the Corporation;

(b) no adjustment in the Exercise Price or the number of Common Shares purchasable pursuant to this Broker Option shall be required unless a change of at least 1% of the prevailing Exercise Price or the number of Common Shares purchasable pursuant to this Broker Options would result, provided, however, that any adjustment which, except for the provisions of this section 9(b), would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;

(c) the adjustments provided for in section 8 herein are cumulative and shall apply to successive subdivisions, consolidations, dividends, distributions and other events resulting in any adjustment under the provisions of such section;

(d) in the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in section 8(b)(iii) herein, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected;

(e) if the Corporation sets a record date to take any action and thereafter and before the taking of such action abandons its plan to take such action, then no adjustment to the Exercise Price will be required by reason of the setting of such record date;

(f) as a condition precedent to the taking of any action which would require any adjustment to the Broker Options evidenced hereby, including the Exercise Price, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof;

(g) forthwith, but no later than fourteen (14) days, after any adjustment to the Exercise Price or the number of Common Shares purchasable pursuant to the Broker Options, the Corporation shall provide to the Holder a certificate of an officer of the Corporation certifying as to the amount of such adjustment and, in reasonable detail, describing the event requiring and the manner of computing or determining such adjustment;

(h) any question that at any time or from time to time arises with respect to the amount of any adjustment to the Exercise Price or other adjustment pursuant to section 8 herein shall be conclusively determined by a firm of independent chartered accountants (who may be the Corporation's auditors) and shall be binding upon the Corporation and the Holder;

(i) any adjustment to the Exercise Price under the terms of this Broker Option Certificate shall be subject to the prior approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable); and

(j) in case the Corporation, after the date of issue of this Broker Option Certificate, takes any action affecting the Common Shares, other than an action described in section 8 herein, which in the opinion of the directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Corporation, acting reasonably, but subject in all cases to any necessary regulatory approval, including approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable). Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares will be conclusive evidence that the board of directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.

10. At least 21 days prior to the effective date or record date, as the case may be, of any event referred to in section 8 herein, the Corporation shall notify the Holder of the particulars of such event and the estimated amount of any adjustment required as a result thereof.

11. On the happening of each and every such event set out in section 8 herein, the applicable provisions of this Broker Option Certificate, including the Exercise Price, shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended.

12. The Corporation shall not be required to deliver certificates for Common Shares or Warrants while the share transfer books of the Corporation are properly closed, having regard to the provisions of sections 8 and 9 herein, prior to any meeting of shareholders or for the payment of dividends or for any other purpose and in the event of the surrender of any Broker Option in accordance with the provisions hereof and the making of any subscription and payment for the Units called for thereby during any such period, delivery of certificates for Common Shares or Warrants may be postponed for not more than five (5) business days after the date of the re-opening of said share transfer books; provided, however, that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder so surrendering the same and making payment during such period to receive after the share transfer books shall have been re-opened such certificates for the Common Shares or Warrants called for, as the same may be adjusted pursuant to sections 8 and 9 herein as a result of the completion of the event in respect of which the transfer books were closed.

13. Subject as hereinafter provided, all or any of the rights conferred upon the Holder by the terms hereof may be enforced by the Holder by appropriate legal proceedings. No recourse under or upon any obligation, covenant or agreement contained herein shall be had against any shareholder, director or officer of the Corporation either directly or through the Corporation, it being expressly agreed and declared that the obligations under the Broker Options are solely corporate obligations and that no personal liability whatever shall attach to or be incurred by the shareholders, directors or officers of the Corporation or any of them in respect thereof, any and all rights and claims against every such shareholder, officer or director being hereby expressly waived as a condition of and as a consideration for the issue of the Broker Options.

14. The Holder may subscribe for and purchase any lesser number of Units than the number of Units expressed in any Broker Option Certificate. In the case of any subscription for a lesser number of Units than expressed in any Broker Option Certificate, the Holder hereof shall be entitled to receive, at no cost to the Holder, a new Broker Option Certificate in respect of the balance of Broker Options not then exercised. Such new Broker Option Certificate shall be mailed to the Holder by the Corporation or, at its direction, the transfer agent of the Corporation, contemporaneously with the mailing of the certificate or certificates representing the Common Shares and Warrants issued pursuant to section 5 herein.

15. If any Broker Option Certificate becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and sign a new Broker Option Certificate of like denomination, tenor and date as the Broker Option Certificate so stolen, lost, mutilated or destroyed for delivery to the Holder. The applicant for the issue of a new Broker Option Certificate pursuant to this section shall bear the cost of the issue thereof and in the case of mutilation shall as a condition precedent to the issue thereof, deliver to the Corporation the mutilated Broker Option Certificate, and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Broker Option Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation in its discretion, acting reasonably, and the applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation in its discretion, acting reasonably, and shall pay the reasonable charges of the Corporation in connection therewith.

16. The Holder may not transfer or assign the Broker Options represented hereby unless such transfer complies with applicable securities laws and the policies of the TSXV.

17. This Broker Option may not be exercised in the United States or by or on behalf of a “U.S. person”, as such term is defined in Regulation S under the United States Securities Act of 1933, as amended, unless an exemption from registration is available under the U.S. Securities Act and any applicable state securities laws and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Corporation.

18. Any certificate representing Common Shares or Warrants issued upon the exercise of this Broker Option may bear the following legends:

> "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT."

19. The Corporation will maintain a register of holders of Broker Options at its principal office. The Corporation may deem and treat the registered holder of any Broker Option Certificate as the absolute owner of the Broker Options represented thereby for all purposes, and the Corporation shall not be affected by any notice or knowledge to the contrary except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. A Holder shall be entitled to the rights evidenced by such Broker Option free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any such Holder of the Common Shares and Warrants purchasable pursuant to such Broker Option shall be a good discharge to the Corporation for the same and the Corporation shall not be bound to inquire into the title of any such Holder except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

20. The Corporation shall notify the Holder forthwith of any change of the Corporation’s address.

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21. All notices to be sent hereunder shall be deemed to be validly given to the registered holders of the Broker Options if delivered personally or if sent by registered letter through the post addressed to such holders at their post office addresses appearing in the register of Broker Option holders caused to be maintained by the Corporation, and such notice shall be deemed to have been given, if delivered personally when so delivered, and if sent by post on the fifth business day next following the post thereof.

22. If for any reason, other than the failure or default of the Holder, the Corporation is unable to issue and deliver the Units or other securities as contemplated herein to the Holder upon the proper exercise by the Holder of the right to purchase any of the Units purchasable upon exercise of the Broker Options represented hereby, the Corporation may pay, at its option and in complete satisfaction of its obligations and the rights of the Holder hereunder, to the Holder, in cash, an amount equal to the difference between the Exercise Price and the Current Market Price of such Units or other securities on the date of exercise by the Holder, and upon such payment the Corporation shall have no liability or other obligation to the Holder relating to or in respect of the Broker Options or this Broker Option Certificate.

23. This Broker Option Certificate shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable herein.

24. All Broker Options shall rank *pari passu*, whatever may be the actual date of issue of the same.

25. If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Broker Option Certificate, but this Broker Option Certificate shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

26. This Broker Option Certificate shall enure to the benefit of and shall be binding upon the Holder and the Corporation and their respective successors and assigns.

IN WITNESS WHEREOF the Corporation has caused this Broker Option Certificate to be signed by its duly authorized officer.

DATED as of the 12th day of November, 2013.

SPHERE 3D CORPORATION

Per: *"Peter Tassiopoulos"*
Peter Tassiopoulos
Chief Executive Officer

Schedule "A"

SUBSCRIPTION FORM

TO BE COMPLETED IF BROKER OPTIONS ARE TO BE EXERCISED:

TO: **SPHERE 3D CORPORATION**
240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1

The undersigned hereby subscribes for __________________Units of SPHERE 3D CORPORATION according to the terms and conditions set forth in the annexed Broker Option Certificate (or such number of other securities or property to which such Broker Option Certificate entitles the undersigned to acquire under the terms and conditions set forth in such Broker Option Certificate).

Registered Name: ______________________________

Address for Delivery of Units: ______________________________
____
____

Attention: ______________________________

Exercise Price Tendered (Cdn.$3.35 Per Unit or as adjusted) $__________________

The undersigned represents, warrants and certifies that at the time of exercise of this Broker Option that it (i) is not in the United States and is not exercising this Broker Option on behalf of a person in the United States; (ii) is not a "U.S. person" (a "U.S. Person"), as defined in Regulation S under the United States Securities Act of 1933, as amended, and is not exercising this Broker Option on behalf of a U.S. Person; and (iii) did not execute or deliver this subscription form in the United States.

Capitalized terms not defined herein shall have the meanings assigned to them in the Broker Option Certificate to which this subscription form is attached.

Dated at __________________, this _____day of __________________, 20_____.

WITNESS:	)	
	)	______________________________ **HOLDER'S NAME**
	)	______________________________ **AUTHORIZED SIGNATURE**
	)	______________________________ **TITLE (IF APPLICABLE)**

Signature guaranteed[1]:

1. If the Units are to be registered in a name other than the name of the registered Broker Option Holder, the signature of the Broker Option Holder must be medallion guaranteed by a bank, trust company or a member of a stock exchange in Canada.

Schedule "B"

FORM OF WARRANT

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.

THE COMMON SHARES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT.

Void after 5:00 p.m. (Toronto time) on the Expiry Date.

WARRANT

For the purchase of Common Shares of

SPHERE 3D CORPORATION

(Organized under the laws of the Province of Ontario)

Number of Warrants: 30,000 | Warrant Certificate No. WA-1

This is to certify that, for value received, Cormark Securities Inc (the "**Holder**"), shall have the right to purchase from Sphere 3D Corporation (the "**Corporation**"), at any time and from time to time up to 5:00 p.m. (Toronto time) (the "**Expiry Time**") on November 12, 2015 (the "**Expiry Date**"), as amended herein, one fully paid and non-assessable common share in the capital of the Corporation (a "**Common Share**") for each Warrant (individually, a "**Warrant**") represented hereby at a price of Cdn$4.50 per Common Share (the "**Exercise Price**"), upon and subject to the terms and conditions set forth herein. In the event that the closing price of the Common Shares on the TSX Venture Exchange (the "**TSXV**"), or such other principal stock exchange in Canada or the United States on which its Common Shares are listed and posted for trading, is in excess of $6.00 for a period of ten (10) consecutive trading days, the Corporation will have the right to accelerate the expiry date of the Warrants to such date that is not less than twenty (20) trading days following the date notice thereof is given to the Holders.

1. For the purposes of this Warrant Certificate, the term "**Common Shares**" means common shares without par value in the capital of the Corporation as constituted as of the date hereof, provided that in the event of a subdivision, redivision, reduction, combination or consolidation thereof or any other adjustment under section 8 hereof, or successive such subdivisions, redivisions, reductions, combinations, consolidations or other adjustments, then subject to the adjustments, if any, having been made in accordance with the provisions of this Warrant Certificate, "**Common Shares**" shall thereafter mean the shares, other securities or other property resulting from such subdivision, redivision, reduction, combination or consolidation or other adjustment.

2. All Warrant Certificates shall be signed by an officer of the Corporation holding office at the time of signing, or any successor or replacement of such person and notwithstanding any change in any of the persons holding said offices between the time of actual signing and the delivery of the Warrant Certificate, the Warrant Certificate so signed shall be valid and binding upon the Corporation.

3. All rights under any of the Warrants in respect of which the right of subscription and purchase therein provided for shall not theretofore have been exercised shall wholly cease and such Warrants shall be wholly void and of no valid or binding effect after the Expiry Time.

4. The right to purchase Common Shares of the Corporation pursuant to the Warrants may only be exercised by the Holder at or before the Expiry Time by:

(a) duly completing and executing a subscription substantially in the form attached as Schedule "A" (the "**Subscription Form**"), in the manner therein indicated; and

(b) surrendering this Warrant Certificate and the duly completed and executed Subscription Form to the Corporation at or prior to the Expiry Time at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1, together with payment of the purchase price for the Common Shares subscribed for in the form of certified cheque, money order or bank draft payable to the Corporation in an amount equal to the then applicable Exercise Price multiplied by the number of Common Shares subscribed for.

5. Upon delivery and payment as set forth in section 4, the Corporation shall cause to be issued to the Holder the number of Common Shares subscribed for by the Holder and the Holder shall become a shareholder of the Corporation in respect of such Common Shares with effect from the date of such delivery and payment and shall be entitled to delivery of a certificate or certificates evidencing such shares. The Corporation shall cause such certificate or certificates to be mailed to the Holder at the address or addresses specified in the Subscription Form within five (5) business days of such delivery and payment as set forth in section 4 or, if so instructed by the Holder, held for pick-up by the Holder at the principal office of the Corporation set forth in Section 4 herein. Notwithstanding any adjustment provided for in section 8 hereof, the Corporation shall not be required upon the exercise of any Warrants to issue fractional Common Shares in satisfaction of its obligations hereunder and the Holder understands and agrees that it will not be entitled to any cash payment or other form of compensation in respect of a fractional Common Share that might otherwise have been issued.

6. The holding of a Warrant shall not constitute the Holder a shareholder of the Corporation nor entitle him to any right or interest in respect thereof except as herein expressly provided.

7. The Corporation covenants and agrees that until the Expiry Time, while any of the Warrants shall be outstanding, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the right of purchase herein provided, as such right of purchase may be adjusted pursuant to sections 8 and 9 hereof. The Corporation further covenants and agrees that while any of the Warrants shall be outstanding, the Corporation shall (a) comply with the securities legislation applicable to it; and (b) use its commercially reasonable best efforts to do or cause to be done all things necessary to preserve and maintain its corporate existence. All Common Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Common Shares may at the time be purchased pursuant to the provisions hereof, shall be issued as fully paid and non-assessable shares and the holders thereof shall not be liable to the Corporation or its creditors in respect thereof.

8. (a) For the purpose of this section 8, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor:

"**Current Market Price**" of the Common Shares shall mean the volume weighted average price of the Common Shares during the period of twenty (20) consecutive trading days ending five (5) business days before such date on the TSXV or, if such Common Shares are not then listed and posted for trading on the TSXV, on such principal stock exchange in Canada or the United States on which such Common Shares are listed and posted for trading as may be selected by the board of directors of the Corporation, or if such Common Shares are not listed or posted for trading on any stock exchange then on the over-the-counter market; provided further that if the Common Shares are not then listed on any exchange or over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation acting reasonably and in good faith;

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

"**trading day**" with respect to a stock exchange means a day on which such stock exchange or market is open for business.

(b) If at any time after November 12, 2013 and prior to the Expiry Time the Corporation shall (i) subdivide or redivide its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares or (iii) issue Common Shares (or securities exchangeable for or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of a stock dividend or other distribution (any of such events herein called a "**Common Share Reorganization**"), then the Exercise Price shall be adjusted effective immediately after the effective date of any such event in (i) or (ii) above or the record date at which the holders of Common Shares are determined for the purpose of any such dividend or distribution in (iii) above, as the case may be, by multiplying the Exercise Price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date, as the case may be, before giving effect to such Common Share Reorganization and the denominator of which shall be the 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 be outstanding if such securities were exchanged for or converted into Common Shares.

(c) If at any time after November 12, 2013 and prior to the Expiry Time the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares, of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

(i) the numerator of which shall be the aggregate of

(A) the number of Common Shares outstanding on the record date for the Rights Offering; and

(B) the quotient determined by dividing

(I) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

(II) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

(ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this section 8(c), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this section 8(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(d) If at any time after November 12, 2013 and prior to the Expiry Time, the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the Common Shares of:

(i) shares of the Corporation of any class other than Common Shares;

(ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date);

(iii) evidence of indebtedness of the Corporation; or

(iv) any property or assets of the Corporation (for greater certainty, excluding a cash dividend in the ordinary course);

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

(A) the numerator of which shall be the difference between

(I) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and

(II) the fair value, as determined by the directors of the Corporation, to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

(B) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this section 8(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this section 8(d), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

(e) If at any time after November 12, 2013 and prior to the Expiry Time there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities), or a transfer of all or substantially all of the Corporation's undertaking and assets 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**"), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of Common Shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder has been the registered holder of the number of Common Shares to which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interest thereafter of the Holder such that the provisions of this Warrant Certificate shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Warrant Certificate.

(f) If at any time after November 12, 2013 and prior to the Expiry Time, any of the events set out in sections 8 (b), (c), (d) or (e) shall occur and the occurrence of such event results in an adjustment of the Exercise Price pursuant to the provisions of this section 8, then the number of Common Shares purchasable pursuant to this Warrant shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Common Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

(g) If the Corporation takes any action affecting its Common Shares to which the foregoing provisions of this section 8, in the opinion of the board of directors of the Corporation, acting in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes hereof, or would otherwise materially affect the rights of the Holder hereunder, then the Corporation shall, subject to the approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable), execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such manner as the board of directors of the Corporation may determine to be equitable in the circumstances, acting in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence that the board of directors has determined that it is equitable to make no adjustment in the circumstances.

9. The following rules and procedures shall be applicable to the adjustments made pursuant to section 8:

(a) any Common Shares owned or held by or for the account of the Corporation shall be deemed not be to outstanding except that, for the purposes of section 8, any Common Shares owned by a pension plan or profit sharing plan for employees of the Corporation or any of its subsidiaries shall not be considered to be owned or held by or for the account of the Corporation;

(b) no adjustment in the Exercise Price or the number of Common Shares purchasable pursuant to this Warrant shall be required unless a change of at least 1% of the prevailing Exercise Price or the number of Common Shares purchasable pursuant to this Warrant would result, provided, however, that any adjustment which, except for the provisions of this section 9(b), would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;

(c) the adjustments provided for in section 8 are cumulative and shall apply to successive subdivisions, consolidations, dividends, distributions and other events resulting in any adjustment under the provisions of such section;

(d) in the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in section 8(b)(iii) above, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected;

(e) if the Corporation sets a record date to take any action and thereafter and before the taking of such action abandons its plan to take such action, then no adjustment to the Exercise Price will be required by reason of the setting of such record date;

(f) as a condition precedent to the taking of any action which would require any adjustment to the Warrants evidenced hereby, including the Exercise Price, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof;

(g) forthwith, but no later than fourteen (14) days, after any adjustment to the Exercise Price or the number of Common Shares purchasable pursuant to the Warrants, the Corporation shall provide to the Holder a certificate of an officer of the Corporation certifying as to the amount of such adjustment and, in reasonable detail, describing the event requiring and the manner of computing or determining such adjustment;

(h) any question that at any time or from time to time arises with respect to the amount of any adjustment to the Exercise Price or other adjustment pursuant to section 8 shall be conclusively determined by a firm of independent chartered accountants (who may be the Corporation's auditors) and shall be binding upon the Corporation and the Holder;

(i) any adjustment to the Exercise Price under the terms of this Warrant Certificate shall be subject to the prior approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable); and

(j) in case the Corporation, after the date of issue of this Warrant Certificate, takes any action affecting the Common Shares, other than an action described in Section 8, which in the opinion of the directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Corporation, acting reasonably, but subject in all cases to any necessary regulatory approval, including approval of the TSXV (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable). Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares will be conclusive evidence that the board of directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.

10. At least 21 days prior to the effective date or record date, as the case may be, of any event referred to in section 8 herein, the Corporation shall notify the Holder of the particulars of such event and the estimated amount of any adjustment required as a result thereof.

11. On the happening of each and every such event set out in section 8, the applicable provisions of this Warrant Certificate, including the Exercise Price, shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended.

12. The Corporation shall not be required to deliver certificates for Common Shares while the share transfer books of the Corporation are properly closed, having regard to the provisions of sections 8 and 9 hereof, prior to any meeting of shareholders or for the payment of dividends or for any other purpose and in the event of the surrender of any Warrant in accordance with the provisions hereof and the making of any subscription and payment for the Common Shares called for thereby during any such period, delivery of certificates for Common Shares may be postponed for not more than five (5) business days after the date of the re-opening of said share transfer books; provided, however, that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder so surrendering the same and making payment during such period to receive after the share transfer books shall have been re-opened such certificates for the Common Shares called for, as the same may be adjusted pursuant to sections 8 and 9 hereof as a result of the completion of the event in respect of which the transfer books were closed.

13. Subject as hereinafter provided, all or any of the rights conferred upon the Holder by the terms hereof may be enforced by the Holder by appropriate legal proceedings. No recourse under or upon any obligation, covenant or agreement contained herein shall be had against any shareholder, director or officer of the Corporation either directly or through the Corporation, it being expressly agreed and declared that the obligations under the Warrants are solely corporate obligations and that no personal liability whatever shall attach to or be incurred by the shareholders, directors or officers of the Corporation or any of them in respect thereof, any and all rights and claims against every such shareholder, officer or director being hereby expressly waived as a condition of and as a consideration for the issue of the Warrants.

14. The Holder may subscribe for and purchase any lesser number of Common Shares than the number of Common Shares expressed in any Warrant Certificate. In the case of any subscription for a lesser number of Common Shares than expressed in any Warrant Certificate, the Holder hereof shall be entitled to receive, at no cost to the Holder, a new Warrant Certificate in respect of the balance of Warrants not then exercised. Such new Warrant Certificate shall be mailed to the Holder by the Corporation or, at its direction, the transfer agent of the Corporation, contemporaneously with the mailing of the certificate or certificates representing the Common Shares issued pursuant to section 5.

15. If any Warrant Certificate becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and sign a new Warrant Certificate of like denomination, tenor and date as the Warrant Certificate so stolen, lost, mutilated or destroyed for delivery to the Holder. The applicant for the issue of a new Warrant Certificate pursuant to this section shall bear the cost of the issue thereof and in the case of mutilation shall as a condition precedent to the issue thereof, deliver to the Corporation the mutilated Warrant Certificate, and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation in its discretion, acting reasonably, and the applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation in its discretion, acting reasonably, and shall pay the reasonable charges of the Corporation in connection therewith.

16. The Holder may not transfer or assign the Warrants represented hereby unless such transfer complies with applicable securities laws and the policies of the TSXV.

17. Warrants may not be exercised in the United States or by or on behalf of a "U.S. person", as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), unless an exemption from registration is available under the U.S. Securities Act and any applicable state securities laws and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Corporation.

18. Any certificate representing Common Shares issued upon the exercise of this Warrant may bear the following legends:

> "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MARCH 13, 2014.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT TO SUCH EFFECT."

19. The Corporation will maintain a register of holders of Warrants at its principal office. The Corporation may deem and treat the registered holder of any Warrant Certificate as the absolute owner of the Warrants represented thereby for all purposes, and the Corporation shall not be affected by any notice or knowledge to the contrary except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. A Holder shall be entitled to the rights evidenced by such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any such Holder of the Common Shares purchasable pursuant to such Warrant shall be a good discharge to the Corporation for the same and the Corporation shall not be bound to inquire into the title of any such Holder except where the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

20. The Corporation shall notify the Holder forthwith of any change of the Corporation's address.

21. In addition to all other powers conferred upon them by law, the registered holders of Warrants shall have the power from time to time by an extraordinary resolution (as hereinafter defined):

(a) to sanction any modification, abrogation, alteration or compromise of the rights of the registered holders of Warrants against the Corporation which shall be agreed to by the Corporation; and/or

(b) to assent to any modification of or change in or omission from the provisions contained herein or in any instrument ancillary or supplemental hereto which shall be agreed to by the Corporation; and/or

(c) to restrain any registered holder of a Warrant from taking or instituting any suit or proceedings against the Corporation for the enforcement of any of the covenants on the part of the Corporation conferred upon the registered holders of Warrants by the terms of the Warrants.

Any such extraordinary resolution as aforesaid shall be binding upon all the registered holders of Warrants whether or not assenting in writing to any such extraordinary resolution, and each registered holder of any of the Warrants shall be bound to give effect thereto accordingly. Such extraordinary resolution shall, where applicable, be binding on the Corporation which shall give effect thereto accordingly.

The Corporation shall forthwith upon receipt of an extraordinary resolution provide notice to all registered holders of Warrants of the date and text of such resolution. The registered holders of Warrants assenting to an extraordinary resolution agree to provide the Corporation forthwith with a copy of any extraordinary resolution passed.

The expression "extraordinary resolution" when used herein means, in respect of a matter to be considered by holders of Warrants, (i) an instrument or instruments in writing signed by holders of Warrants representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants, or (ii) a resolution passed by the affirmative vote of holders of Warrants representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants represented and voting on a poll at a duly convened meeting of holders of Warrants.

22. All notices to be sent hereunder shall be deemed to be validly given to the registered holders of the Warrants if delivered personally or if sent by registered letter through the post addressed to such holders at their post office addresses appearing in the register of Warrant holders caused to be maintained by the Corporation, and such notice shall be deemed to have been given, if delivered personally when so delivered, and if sent by post on the fifth business day next following the post thereof.

23. If for any reason, other than the failure or default of the Holder, the Corporation is unable to issue and deliver the Common Shares or other securities as contemplated herein to the Holder upon the proper exercise by the Holder of the right to purchase any of the Common Shares purchasable upon exercise of the Warrants represented hereby, the Corporation may pay, at its option and in complete satisfaction of its obligations and the rights of the Holder hereunder, to the Holder, in cash, an amount equal to the difference between the Exercise Price and the Current Market Price of such Common Shares or other securities on the date of exercise by the Holder, and upon such payment the Corporation shall have no liability or other obligation to the Holder relating to or in respect of the Warrants or this Warrant Certificate.

24. This Warrant Certificate shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable herein.

25. All Warrants shall rank *pari passu*, whatever may be the actual date of issue of the same.

26. If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Warrant Certificate, but this Warrant Certificate shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

27. This Warrant Certificate shall enure to the benefit of and shall be binding upon the Holder and the Corporation and their respective successors and assigns.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer.

DATED as of the _____day of __________________, 20_____.

SPHERE 3D CORPORATION

Per: ______________________________

Peter Tassiopoulos
Chief Executive Officer

Schedule "A"

SUBSCRIPTION FORM

TO BE COMPLETED IF WARRANTS ARE TO BE EXERCISED:

TO: **SPHERE 3D CORPORATION**
240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1

The undersigned hereby subscribes for __________________Common Shares of Sphere 3D Corporation according to the terms and conditions set forth in the annexed Warrant Certificate (or such number of other securities or property to which such Warrant Certificate entitles the undersigned to acquire under the terms and conditions set forth in such Warrant Certificate).

Registered Name: ____

Address for Delivery of Common Shares: ____

____

____

Attention: ________________________________

Exercise Price Tendered (Cdn.$4.50 per Common Share or as adjusted) $__________________

The undersigned represents, warrants and certifies that at the time of exercise of these Warrants that it (i) is not in the United States and is not exercising these Warrants on behalf of a person in the United States; (ii) is not a "U.S. person" (a "**U.S. Person**"), as defined in Regulation S under the United States Securities Act of 1933, as amended, and is not exercising these Warrants on behalf of a U.S. Person; and (iii) did not execute or deliver this subscription form in the United States.

Capitalized terms not defined herein shall have the meanings assigned to them in the Warrant Certificate to which this subscription form is attached.

Dated at __________________, this _____day of __________________, 20_____.

WITNESS:	)	________________________________ **HOLDER'S NAME**
	)	________________________________ **AUTHORIZED SIGNATURE**
	)	________________________________ **TITLE (IF APPLICABLE)**

Signature guaranteed[1]:

1. If the Common Shares are to be registered in a name other than the name of the registered Warrant Holder, the signature of the Warrant Holder must be medallion guaranteed by a bank, trust company or a member of a stock exchange in Canada.

SPHERE 3D CORPORATION

Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

NOTICE TO READERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Stands for the preparation of the condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Sphere 3D Corporation

Condensed Consolidated Statements of Financial Position (Unaudited)
As at
(Expressed in Canadian Dollars)

	September 30, 2013 (unaudited)	December 31, 2012 (audited)
Assets		
Current		
Cash and cash equivalents	$ 1,394,704	$ 1,633,334
Investments (Note 5)	320,899	10,203
Subscriptions receivable	-	150,035
Sales tax recoverable	75,316	78,319
Amounts receivable	54,729	54,729
Prepaid and sundry assets	682,894	105,401
	2,528,542	2,032,021
Property and equipment	294,745	358,127
Investments (Note 5)	-	101,821
Intangible assets (note 4)	1,072,487	718,750
	$ 3,895,774	$ 3,210,719
Liabilities		
Current		
Trade and other payables (note 7)	$ 186,607	$ 303,218
Deferred revenue	500,000	-
	686,607	303,218
Shareholders' Deficiency		
Common share capital (note 9)	7,340,072	5,409,488
Other equity (note 10)	1,057,019	1,007,500
Deficit	(5,187,924)	(3,509,487)
	3,209,167	2,907,501
	$ 3,895,774	$ 3,210,719

Nature of operations (note 1)
Commitment and contingencies (note 13)

Approved by the Board

"Glenn Bowman"
Director

"Mario Biasini"
Director

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended September 30		Nine Months ended September 30	
	2013	**2012**	**2013**	**2012**
Revenue	**$ -**	$ -	$ -	$ 409,347
Expenses				
Cost of goods sold	-	10,364	17,460	360,148
Salaries and consulting	**200,133**	276,933	987,745	929,203
Professional fees	**71,362**	65,105	168,142	109,980
General and administrative	**68,496**	98,083	208,641	234,258
Technology development	-	14,019	11,522	35,767
Public company expenses	**50,848**	-	109,407	-
Amortization of intangibles	**873**	-	2,619	-
Amortization of property and equipment	**49,946**	47,341	146,243	127,867
	441,658	511,845	1,651,779	1,797,223
Loss from operations	**(441,658)**	(511,845)	(1,651,779)	(1,387,876)
Financial income (expenses)				
Loss on investment	**(26,350)**	-	(26,350)	-
Interest income	-	-	1,685	-
Interest expense	**(655)**	(18,163)	(1,993)	(18,717)
	(27,005)	(18,163)	(26,658)	(18,717)
Net comprehensive loss for the period	**$ (468,663)**	$ (530,008)	$ (1,678,437)	$ (1,406,593)
Loss per share				
Basic and diluted	**$ (0.03)**	$ (0.04)	$ (0.10)	$ (0.12)
Weighted average number of common shares	**17,187,594**	11,869,813	16,481,568	11,305,195

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation

Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

	Number of common shares	Number of preferred shares	Common share capital	Preferred share capital	Other Equity	Deficit	**Total**
Balance at December 31, 2011	10,600,000	500,000	$ 2,411,832	$ 2,500	$ 25,000	$ (1,048,182)	**$ 1,391,150**
Issuance of common shares	4,116,913	-	3,431,792	-	-	-	**3,431,792**
Share issuance costs	-	-	(373,511)	-	-	-	**(373,511)**
Issuance of warrants	-	-	(712,500)	-	712,500	-	-
Share based payments	23,529	-	20,000	-	-	-	**20,000**
Stock option awards	-	-		-	270,000	-	**270,000**
Conversion of debt	117,647	-	100,000	-	-	-	**100,000**
Conversion of preferred shares	500,000	(500,000)	2,500	(2,500)	-	-	-
Shares issued for acquisition of T.B. Mining Ventures Inc.	756,250	-	529,375	-	-	-	**529,375**
Comprehensive loss for the period	-	-	-	-	-	(2,461,305)	**(2,461,305)**
Balance at December 31, 2012	16,114,339	-	$ 5,409,488	$ -	$ 1,007,500	$ (3,509,487)	**$ 2,907,501**
Stock option awards	-	-		-	118,169	-	**118,169**
Stock based payments	769,231	-	500,000	-	-	-	**500,000**
Exercise of options	60,001	-	51,000	-	(8,000)	-	**43,000**
Exercise of warrants	1,386,206	-	1,582,584	-	(263,650)	-	**1,318,934**
Issuance of warrants	-	-	(203,000)	-	203,000	-	-
Comprehensive loss for the period	-	-	-	-	-	(1,678,437)	**(1,678,437)**
Balance at September 30, 2013	18,329,777	-	$ 7,340,072	$ -	$ 1,057,019	$ (5,187,924)	**3,209,167**

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended September 30		Nine Months ended September 30	
	2013	**2012**	**2013**	**2012**
Cash flow from operating activities				
Net comprehensive loss for the period	**$ (468,663)**	$ (530,008)	**$ (1,678,437)**	$ (1,406,593)
Items not affecting cash				
Adjustment for depreciation	**49,946**	47,341	**146,243**	127,867
Adjustment for amortization	**873**	-	**2,619**	-
Stock compensation expenses	**54,348**	70,000	**101,387**	270,000
Change in working capital:				
Change in investments	**(217,420)**	-	**(208,875)**	-
Change in sales tax recoverable	**(16,793)**	(39,351)	**3,003**	(6,681)
Change in accounts receivables	**-**	1,921	**-**	233,325
Change in inventory	**-**	-	**-**	21,078
Change in prepaid and sundry assets	**(70,570)**	16,391	**(77,493)**	57,846
Change in trade and other payables	**30,100**	(146,663)	**(116,611)**	(48,473)
Change in deferred revenue	**500,000**	-	**500,000**	(30,070)
Change in subscriptions receivable	**-**	-	**150,035**	-
Net cash used in operating activities	**(138,179)**	(580,369)	**(1,178,129)**	(781,701)
Cash flow from investing activities				
Acquisition of property and equipment	**(55,240)**	(28,348)	**(82,861)**	(142,464)
Investment in technology	**(267,636)**	-	**(339,574)**	(25,000)
Net cash used in investing activities	**(322,876)**	(28,348)	**(422,435)**	(167,464)
Cash flow from financing activities				
Proceeds from the exercise of warrants and options	**1,361,934**	-	**1,361,934**	-
Proceeds from common shares, net of issue costs	**-**	814,101	**-**	1,049,451
Net cash provided by financing activities	**1,361,934**	814,101	**1,361,934**	1,049,451
Net increase/(decrease) in cash and cash equivalents	**900,879**	205,384	**(238,630)**	100,286
Cash and cash equivalents at opening	**493,825**	52,996	**1,633,334**	158,094
Cash and cash equivalents at closing	**$ 1,394,704**	$ 258,380	**$ 1,394,704**	$ 258,380

See accompanying notes, which are an integral part of these financial statements

1. General Information

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 as T.B. Mining Ventures Inc. The Company is listed on the TSX Venture Exchange (the "TSXV"), under the trading symbol "ANY" and has its main and registered office of the Company located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

On December 21, 2012, the Company completed its Qualifying transaction (the "Qualifying Transaction") with Sphere 3D Inc. ("Sphere 3D") and changed its name to Sphere 3D Corporation. The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange (see note 8). Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation, are included from the date of the reverse takeover.

Sphere 3D Inc. is a technology development company focused on establishing its patent pending emulation and virtualization technology. These condensed consolidated interim statements include the financial statements of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

At September 30, 2013, the Company had working capital of $1,841,935 and an accumulated deficit of $5,187,924. Management believes that the Company has sufficient funds to pay its ongoing operating expenses and other commitments and to meet its liabilities for the ensuing year as they fall due. However, if the Company fails to meet its operating plans, it will have to raise additional capital to fund operations until such point that revenues from products and technology are able to fund operations. If the Company is not able to raise sufficient capital then there is the risk that the Company will not be able to realize the value of its assets and discharge its liabilities. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. To date the Company has been successful raising capital in fiscal 2012 and 2013 and, as discussed in Note 13, "Subsequent Events", subsequent to September 30, 2013, the Company has received gross cash proceeds of $5,327,878, though the exercise of options and warrants and the completion of the November 12, 2013 financing. These proceeds will be used to fund operations of the Company.

2. Statement of Compliance

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited annual financial statements for the year ended December 31, 2012.

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Statement of Compliance (continued)

These condensed interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31, 2012, which are available at www.sedar.com.

These condensed consolidated interim financial statements were approved by the Board of Directors on November 20, 2013.

3. Basis of Preparation and New Accounting Standards

Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Significant accounting policies

Intangible assets

i. Patents

Costs to obtain patents are capitalized and are amortized to operations on a straight-line basis over the underlying term of the patents, which is 20 years, commencing upon the registration of the patent.

ii. Investment in Technology

The investment in technology consists of consideration paid for the acquisition of the technology. Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use, which has not yet commenced.

iii. Research and Development Costs

Research costs are charged to income when incurred. Development costs are expensed in the year incurred unless they meet the criteria for deferral and amortization.

Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. As of July, 2013, the Company has met the requirements for deferral of these expenses and has commenced capitalization of development costs incurred during the quarter.

3. Basis of Preparation and New Accounting Standards (continued)

Significant accounting policies (continued)

Intangible assets (continued)

iii. Research and Development Costs (continued)

Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use.

Investment Tax Credits ("ITCs") earned as a result of incurring Scientific Research and Experimental Development ("SRED") expenditures are recorded as a reduction of the related current period expense, the related deferred development costs or related capital assets. Management records ITC's when there is reasonable assurance of collection. To date, management has not recorded any amounts related to ITC's.

Significant estimates and assumptions

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of intangible assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, and contingent liabilities.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are:

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern; and
- whether there are events or conditions that may give rise to significant uncertainty.

3. Basis of Preparation and New Accounting Standards (continued)

New standards and interpretations

The following pronouncements issued by the IASB and interpretations published by IFRIC have become effective for annual periods beginning on or after January 1, 2013:

IFRS 7 - Financial Instruments: Disclosures was amended to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

IFRS 10 - Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. A new definition of 'control' has been established. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements establishes the principles for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method whereas for a joint operation the venture will be accounted for using the proportionate consolidation method.

IFRS 12 - Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 19 – Employee Benefits amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires remeasurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income and increases the disclosure.

The adoption of these standards and interpretations did not have a material impact on the condensed consolidated interim financial statements of the Company.

The IASB also amended the following standards which is effective as per the date identified.

IFRS 10 – Consolidated Financial Statements was amended to require investment entities to measure subsidiaries at fair value through profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

IFRS 9 - Financial Instruments addresses the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new standard also requires a single impairment method to be used. The IASB has extended the effective date to January 1, 2015, with earlier application permitted.

The Company does not anticipate that the adoption of these standards and interpretations will have a material impact on the condensed consolidated interim financial statements of the Company.

4. Overland Transaction

On July 12, 2013, as part of this strategic partnership, the Company and Overland Storage, Inc. ("Overland") entered into a Supplier Agreement whereby Sphere 3D will procure its cloud infrastructure solutions from Overland, as well as a Technology Licensing Agreement which grants Overland licensing rights for the enterprise market.

Pursuant to the Supplier Agreement, Sphere 3D has agreed to pay and Overland has agreed to accept up to $1.5 million of cloud infrastructure equipment in common shares of the Company. The first $500,000 has been satisfied through the issuance of 769,231 common shares of Sphere 3D at an ascribed price of $0.65. Sphere shall pay an additional $500,000 in common shares of Sphere 3D on each of the first and second anniversary dates of the Agreement. The number of common shares to be issued shall be calculated based on the 10 day average of the closing price per common share of Sphere 3D ending 3 trading days prior to each of the anniversary dates, up to a maximum of 769,231 common shares on each date. Such Sphere 3D shares shall be subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws. The initial issuance of shares has been recorded as a prepaid expense for future equipment purchases.

Pursuant to the Technology License Agreement, the Company has licensed its Glassware 2.0™ technology to Overland for the enterprise and business market and has granted Overland a limited exclusivity period in these markets. In return, Overland paid the Company an upfront fee of $500,000 and will pay an ongoing royalty on future sales of licensed technology. The exclusivity fee was satisfied thorough the issue of 213,220 common shares of Overland Storage, Inc. and $250,000 in cash. This fee has been recorded as deferred revenue and will be taken into revenue over the exclusivity period.

5. Investments

		September 30 2013		December 31 2012
Marketable securities	**$**	**217,420**	$	10,203
Guaranteed investment certificates		**103,479**		101,821
		320,899		112,024
Less: long term portion		-		101,821
	$	**320,899**	$	10,203

6. Intangible Assets

(i) Investment in technology

On December 31, 2010, the Company acquired all rights and assets related to the emulation and virtualization technology from Promotion Depot Inc., in a non-arms length transaction, in exchange for 1,000,000 shares of the Company's common stock. Since the fair value of the assets received are not readily determinable, the investment was valued based on the $695,000 fair value of the shares received by Promotion Depot Inc.

As of July 2013, the Company met the requirements for the deferral of development costs, under IFRS, and has commenced capitalizing the development costs incurred during the period. The technology acquired is still in the development stage and not in commercial use. As such, amortization of this asset has not commenced.

(ii) Patents

On January 16, 2012, the Company filed 3 preliminary patents in Canada based on the technology acquired in the investment in technology. In January 2013, the Company extended those preliminary patents to the United States and in March 2013, the Company filed an additional 3 preliminary patents in the United States.

Cost	**Investment in technology**	**Patents**	**Total**
Balance at December 31, 2011	$ 695,000	$ -	$ 695,000
Additions	-	25,000	25,000
Disposals	-	-	-
Balance at December 31, 2012	695,000	25,000	720,000
Balance at December 31, 2012	695,000	25,000	720,000
Additions	290,725	65,631	356,356
Disposals	-	-	-
Balance at September 30, 2013	$ 985,725	$ 90,631	$ 1,076,356

Accumulated Amortization	**Investment in technology**	**Patents**	**Total**
Balance at December 31, 2011	$ -	$ -	$ -
Additions	-	1,250	1,250
Disposals	-	-	-
Balance at December 31, 2012	-	1,250	1,250
Balance at December 31, 2012		1,250	1,250
Additions	-	2,619	2,619
Disposals	-	-	-
Balance at September 30, 2013	$ -	$ 3,869	$ 3,869

Net book value	**Investment in technology**	**Patents**	**Total**
as at December 31, 2012	$ 695,000	$ 23,750	$ 718,750
as at September 30, 2013	$ 985,725	$ 86,762	$ 1,072,487

7. Trade and Other Payables

		September 30 2013		December 31 2012
Trade payables	$	104,620	$	251,845
Non-trade payables and accrued expenses		81,987		51,373
	$	186,607	$	303,218

8. The Qualifying Transaction

The Company completed the Qualifying Transaction on December 21, 2012, pursuant to a definitive amalgamation agreement dated August 31, 2012. The Qualifying Transaction constitutes a reverse takeover of the Company but does not meet the definition of a business combination, and therefore, *IFRS 3 Business Combinations* is not applicable. As a result and in accordance with reverse take-over accounting for a transaction that is not considered a business combination.

Sphere 3D Corporation (formerly T.B. Mining Ventures) is treated as the acquiree and Sphere 3D Inc. is treated as the acquirer. As a result, the amalgamated entity is deemed to be a continuation of Sphere 3D Inc. and Sphere 3D Inc. is deemed to have acquired control of the assets and business of the Company with the consideration of the issuance of capital, and therefore *IFRS 2 Share-based Payments*, is applicable.

Under the terms of the Amalgamation Agreement, T.B. Mining Ventures was required to consolidate (the "Consolidation") its securities on a four (4) for one (1) exchange ratio. As of the date of the Qualifying Transaction there were 756,250 T.B. Mining Shares issued and outstanding as fully paid and non-assessable, after giving effect to the Consolidation.

The fair value of the consideration issued for the net assets of the Company was as follows:

756,250 common shares valued at $0.70 per share	$	529,375
Allocated to net asset value (at December 21, 2012):		
Cash and cash equivalents	$	51,277
Long term investment		101,821
Accounts payable		(6,500)
Net assets		146,598
Cost of listing (expensed)		382,777
	$	529,375

The purchase price was recorded as an increase in share capital of $529,375.

Transaction costs associated with the Qualifying Transaction, which amounted to $124,126, and the cost of listing, of $382,777, have been recorded as an expense.

9. Share Capital

Authorized

an unlimited number of common shares

Common shares

Issued and outstanding

	Number of Shares		Value
Balance, December 31, 2011	10,600,000	$	2,411,832
Issued for cash (net of cash fees of $373,541)	4,116,913		3,058,281
Less: Proceeds allocated to warrants	-		(600,000)
Broker warrants	-		(112,500)
Issued for services rendered	23,529		20,000
Issued on conversion of debt	117,647		100,000
Issued on conversion of preferred shares	500,000		2,500
Reverse takeover transaction (note 6)	756,250		529,375
Balance, December 31, 2012	16,114,339	$	5,409,488
Issued for equipment purchases	769,231		500,000
Issued on exercise of options	60,001		51,000
Issued on exercise of warrants	1,090,245		1,268,745
Issued on exercise of broker warrants	152,528		150,770
Issued on exercise of broker unit warrants	143,433		163,069
Less: Proceeds allocated to warrants	-		(203,000)
Balance, September 30, 2013	18,329,777	$	7,340,072

Preferred shares

Issued and outstanding

	Number of Shares		Value
Balance, December 31, 2011	500,000	$	2,500
Converted to common shares	(500,000)		(2,500)
Balance, December 31, 2012 and September 30, 2013	-	$	-

In conjunction with the Company’s Qualifying Transaction, on December 21, 2012, the preferred shares were automatically exchanged for shares of common stock on a one-for-one basis and were cancelled.

9. Share Capital (continued)

Escrowed shares

With the completion of the Transaction and the Company's subsequent listing on the TSXV, certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	Surplus Share Escrow		Value Share Escrow		Total Escrow	
	Number	%	Number	%	Number	%
Balance at December 21, 2012[1]	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012[2]	232,750	5	430,625	10	663,375	7
Balance at December 31, 2012	4,422,250	95	3,875,625	90	8,297,875	93
Released – June 27, 2013	232,750	5	645,937	15	878,687	10
Total subject to escrow at September 30, 2013	4,189,500	90	3,229,688	75	7,419,188	83
Future release dates						
December 27, 2013	465,500	10	645,937	15	1,111,437	12
June 27, 2014	465,500	10	645,937	15	1,111,437	13
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	28
Total future releases	4,189,500	90	3,229,688	90	7,419,188	83

(1) Date of completion of the Qualifying Transaction
(2) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the Exchange Bulletin, at the rate shown. Release dates can change if the Company were to move to the TSXV Tier 1 Exchange or in certain other circumstances. As well, if the operations or development of the intellectual property or the business are discontinued then the unreleased securities held in the Surplus Share Escrow will be cancelled.

Stock options

a. On March 4, 2013, the directors of the Company approved the award of 100,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $18,500. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

9. Share Capital (continued)

b. On March 5, 2013, the directors of the Company approved the award of 320,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $79,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.60 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

c. On April 17, 2013, the directors of the Company approved a fiscal 2013 compensation plan for the independent directors of the Company. The plan calls for the payment of $7,500 per quarter to the independent directors, which can be paid by cash or the issuance of common stock, at the Company's discretion, subject to TSXV approval. In addition, each of the independent directors was awarded options to purchase 25,000 shares of the Company's common shares. The award of 75,000 fully vested options, exercisable for 10 years, was valued at $14,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

d. On July 3, 2013, the directors of the Company approved the award of 300,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $50,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.65 and (VI) a share price of $0.51. Expected volatility was based on comparable companies.

e. On July 3, 2013, the directors of the Company approved the award of 50,000 options, which vested immediately, exercisable for 5 years, with a value of $8,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.70 and (VI) a share price of $0.51. Expected volatility was based on comparable companies.

f. In connection with the appointment of Mr. Eric Kelly to the Board of Directors of the Company and his undertaking to become the Chairman, on July 3, 2013, the directors of the Company approved the award to Mr. Eric Kelly of 850,000 options, which vest quarterly over three years, exercisable for 10 years, with a value of $215,000. The options were subject to: (i) the completion of the Agreements with Overland Storage, (ii) the agreement by the shareholders of the Company to amend the Company's Option Plan to a 20% fixed plan; and, (iii) the ratification of the award by the Shareholders at the Annual and Special Meeting of Shareholders, held September 16, 2013. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.65 and (VI) a share price of $0.51. Expected volatility was based on comparable companies.

9. Share Capital (continued)

g. On August 30, 2013, the directors of the Company approved the award of 100,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $100,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $2.50 and (VI) a share price of $2.50. Expected volatility was based on comparable companies.

h. On September 16, 2013, the directors of the Company approved the award of 450,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $500,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $2.68 and (VI) a share price of $2.68. Expected volatility was based on comparable companies. In connection with the awards made to the independent directors of the Company, the directors agreed to waive future quarterly fees until the Company achieves commercialization.

As at September 30, 2013 the Company had 435,000 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

		Weighted average exercise price	Number
Balance at December 31, 2012	$	0.83	1,015,000
Granted		1.22	1,925,000
Exercised		0.72	60,000
Expired		-	-
Outstanding at September 30, 2013	**$**	**0.78**	**2,880,000**
Exercisable at September 30, 2013	**$**	**0.83**	**1,063,333**

The following table provides further information on the outstanding options as at September 30, 2013:

Expiry Date	Number exercisable	Number outstanding	Weighted average exercise price	Weighted average years remaining
March 4, 2018	50,000	100,000	$ 0.85	4.40
July 3, 2018	-	300,000	0.65	4.75
September 8, 2020	65,000	65,000	0.80	7.00
January 16, 2022	640,000	640,000	0.83	8.25
September 19, 2022	233,333	300,000	0.85	9.00
April 16, 2023	75,000	75,000	0.85	9.50
July 2, 2023	-	850,000	0.65	9.75
August 29, 2023	-	100,000	2.50	9.90
September 15, 2023	-	450,000	2.68	9.90
	1,063,333	2,880,000	$ 0.78	8.59

9. Share Capital (continued)

Warrants

The Company had the following warrants outstanding:

	Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2012	4,262,442	$	0.98
Warrants exercised	(1,090,245)		1.00
Broker warrants exercised	(152,528)		0.70
Broker unit warrants exercised	(143,433)		0.85
Warrants issued on exercise of Broker unit warrants	143,433		1.00
Outstanding at September 30, 2013	3,019,669	$	0.99

10. Other Equity

	$
Other equity, December 31, 2011	25,000
Value of warrants issued	712,500
Value of options issued	270,000
Other equity, December 31, 2012	1,007,500
Value of options exercised	(8,000)
Value of warrants exercised	(178,500)
Value of broker warrants exercised	(44,000)
Value of broker unit warrants exercised	(41,150)
Value of warrants issued on exercise of broker units	203,000
Value of option issued	118,169
Other equity, September 30, 2013	1,057,019

11. Commitment and Contingencies

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company's facility in Mississauga, are as follows:

2013	$	56,500
2014		58,000
2015		59,500
2016		20,000

12. Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

Legal services of $74,076 (2012 - $121,910) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at quarter end included in accounts payable total $13,265 (2012 - $26,361).

13. Subsequent Events

i. Broker Unit Warrant Exercises

Subsequent to September 30, 2013, 182,492 broker unit warrants, with an exercise price of $0.85, were exercised, resulting in the issue of 182,492 common shares and 182,492 common share purchase warrants, exercisable until December 26, 2014, at an exercise price of $1.00 per share, with a value of $500,000. All broker unit warrants have now been exercised.

ii. Option and Warrant Exercises

Subsequent to September 30, 2013, 120,000 options, with a weighted average exercise price of $0.71, and 984,460 common share purchase warrants, with an exercise price of $1.00 have been exercised.

iii. Financing

On November 12, 2013, the Company closed an underwritten financing for the sale of 1,250,000 units, at a price of $3.35 per unit of gross proceeds of $4,187,500.

Each Unit consisted of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each full warrant, a "Warrant"), each full Warrant being exercisable to acquire one Common Share at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants are subject to an acceleration clause whereby should the Common Shares trade at $6.00 or more for more than 10 consecutive trading days on the TSX Venture Exchange or other principal exchange, the Company has the right to issue notice to the warrant holders to accelerate the exercise period to a period ending 20 trading days from the date of notice.

The Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering, were reimbursed for fees and expenses incurred in connection with the Offering, and received compensation warrants (the "Broker Warrants") to acquire Common Shares equal to 8% of the number of Units sold under the Offering. Each Broker Warrant is exercisable at $3.35 per common share for a period of 24 months from the closing date.

MANAGEMENT DISCUSSION & ANALYSIS

Ontario Securities Commission FORM 51-102F1

ISSUER DETAILS

FOR QUARTER ENDED	**September 30, 2013**
DATE OF REPORT	**November 20, 2013**
NAME OF ISSUER	**Sphere 3D Corporation**
ISSUER ADDRESS	**240 Matheson Blvd. East Mississauga, ON L4Z 1X1**
ISSUER TELEPHONE NUMBER	**(416) 749-5999**
CONTACT PERSON	**Peter Tassiopoulos**
CONTACT POSITION	**CEO**
CONTACT TELEPHONE NUMBER	**(416) 749-5999**
CONTACT EMAIL ADDRESS	**peter.tassiopoulos@sphere3d.com**
WEB SITE ADDRESS	**www.sphere3d.com**

FORM 51-102F1

SPHERE 3D CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013

Sphere 3D Corporation (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007, as a capital pool company under the CPC Policy, under the name T.B. Mining Ventures Inc.

On December 21, 2012, the Company completed its Qualifying transaction (the "Transaction") with Sphere 3D Inc. ("Sphere 3D") and changed its name to Sphere 3D Corporation. Immediately prior to and in connection with the closing of the Transaction, Sphere 3D Inc. completed pre-closing private placement financings for gross proceeds of $3,116,393. These financings are described in the Company's Filing Statement dated December 14, 2012 which is filed on SEDAR and available for review at www.sedar.com under the Company's profile.

The Transaction resulted in the Company acquiring 100% of the issued and outstanding securities of Sphere 3D through a securities exchange. Accordingly, the former security-holders of Sphere 3D acquired control of the Company through a reverse takeover. The accounting parent in the reverse takeover was Sphere 3D. Therefore, the consolidated financial statements are presented from the perspective of Sphere 3D and the comparative figures presented prior to December 21, 2012 are those of Sphere 3D. The results of operations of the legal parent, Sphere 3D Corporation, are included from the date of the reverse takeover.

Sphere 3D Corporation is a technology development company focused on establishing its patent pending emulation and virtualization technology. This Management's Discussion and Analysis includes the financial results of the Company, its wholly-owned subsidiary, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company is listed on the TSXV, under the trading symbol "ANY" and the OTCQX, under the trading symbol "SPIHF" and has its main and registered office of the Company located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

ADVISORY

This Management's Discussion and Analysis ("MD&A") comments on the financial condition and operations of Sphere 3D Corporation ("Sphere 3D" or the "Company"), for the three and nine months ended September 30, 2013 and updates our MD&A for fiscal 2012. The information contained herein should be read in conjunction with the Consolidated Financial Statements and Auditor's Report for fiscal 2012 and the unaudited Interim Consolidated Financial Statements for the three and nine months ended September30, 2013.

The Company prepares its interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as set out in the Handbook of The Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has reported on this basis in these consolidated interim financial statements. All financial information contained in this MD&A and in the unaudited consolidated interim financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The quarterly unaudited consolidated financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors on November [ ], 2013.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed herein, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's web-site at www.sphere3d.com.

BUSINESS UPDATE

Recognizing the need to allow for the consolidation of digital devices and application ecosystems, Sphere 3D is creating ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user's operating system or the local device's hardware limitations.

Sphere 3D's Glassware 2.0 has the following primary value propositions within its business model:

- Consumers can gain complete access to fully functional software versions, allowing PC productivity software to be made available on a variety of Cloud connected devices. Users can do more than just surf or "view" documents on tablets, smartphones or other connected devices – they can create, modify and save, either locally or in the Cloud.
- Software Developers can expand software revenue streams to new platforms, without having to develop multiple versions of their software applications without the need for the customization that is required due to the proliferation of device capabilities and operating systems.
- Enterprise Clients can provide safe, secure mobile access to their legacy applications, without the expensive customization and inherent time and capability trade-offs required by re-writes to the Cloud. Enterprise's employees or business partners access the enterprise's systems, through their own devices (bring your own device "BYOD") or company-provided equipment, and the enterprise's own network security protocols will apply without having to make further modifications on the actual devices.

To facilitate the growth of its infrastructure and commercialize its technology within the Enterprise market, on July 16, 2013, the Company entered into a Supply Agreement and a Technology Licensing Agreement with Overland Storage, Inc. (“Overland”), which grants Overland licensing rights in the enterprise market.

Pursuant to the Supply Agreement, the Company has agreed to procure cloud infrastructure solutions from Overland, for the next ten years. Furthermore, during the first three years of the Supply Agreement, the Company is permitted to pay for purchases through a combination of cash and stock. During this period, half of any purchases will be paid in cash and half in stock, up to a maximum of $3 million in total purchases.

The first $500,000 in stock, was satisfied through the issuance of 769,231 common shares of the Company, at an ascribed price of $0.65 on July 16th, 2013. Sphere shall pay an additional $500,000 in common shares of Sphere 3D on each of the first and second anniversaries of the Agreement. The number of common shares to be issued shall be calculated based on the 10 day average of the closing price per common share of Sphere 3D ending 3 trading days prior to each of the anniversary dates; up to a maximum of 769,231 common shares will be issued on each date. Such Sphere 3D shares shall be subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws.

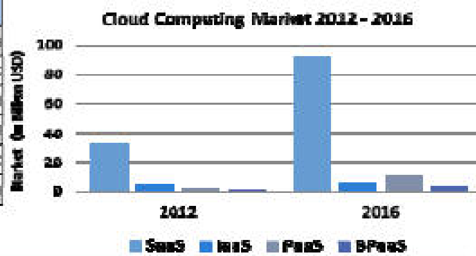
Pursuant to the Technology License Agreement, the Company has granted a license for its Glassware 2.0™ technology to Overland for the enterprise and business market. In return, Overland paid a fee to the Company of $500,000. The fee was satisfied through the payment of $250,000 in cash and $250,000 in shares of Overland. Additionally, the Company shall receive a royalty on future sales of the licensed technology.

On November 12, 2013, the Company announced it had closed its “bought deal” private placement financing for gross proceeds of $4,187,500 (the “Offering”). The Offering consisted of an aggregate of 1,250,000 units of the Company (each a “Unit”) at a purchase price of $3.35 per Unit. The Offering was led by Cormark Securities Inc. and the underwriting syndicate included Paradigm Capital Inc. and Jacob Securities Inc. (collectively, the “Underwriters”).

Market Overview

The Company has received a “Market and Competitive Analysis” report completed by Frost & Sullivan. Included in the report are overviews of the Cloud Computing, Virtualization, and Mobile Device Markets; a Competitive Technology Analysis of Sphere 3D’s Glassware 2.0™ platform; and a Gap Analysis to identify existing opportunities within the current landscape. Founded in 1961, Frost & Sullivan is a market research leader that has more than 40 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. The following two tables are excerpts from the report:

Cloud Computing Market- 2012-2016 (In $ billions)					
	2012	2013	2014	2015	2016
SaaS	33.09	47.22	65.19	74.42	92.75
IaaS	4.99	5.75	5.09	5.02	5.85
PaaS	2.08	4.38	7.89	9.6	11.26
BPaaS	0.8	1.26	1.85	2.93	4.28
Total	40.96	58.61	76.42	92.96	113.94



- Cloud Computing Market consists of four segments
  1. Infrastructure as a Service(IaaS)
  2. Software as a Service(SaaS)
  3. Platform as a Service(PaaS)
  4. Business Process as a Service(BPaaS)
- Software as a Service holds 90% of the total cloud computing market share.
- In 2012 cloud computingis expected to reach a total market value of around $40billion.
- In 2016 cloud computingis expected to cross a total market value of $100billion.
- **PaaS is expected to have a rapid growth compared to other segments of Cloud Computing.**
- **Under PaaS application development platforms offered as a cloud service will be dominant**
- The rise in mobile workforce is expected to drive the mobile cloud services market to $45billion in 2016.

Year	Desktop Virtualization Market Value (in $ billions)
2012	3.6
2013	4.3
2014	5.2
2015	6.2
2016	7.5

- VMware occupies more than 53% of the total virtualization market followed by Micrcsoft.
- The key segments are application virtualization, server virtualization and desktop vir.ualization.
- Citrix is the market leader in the desktop virtualization with 19% market share.
- VMware is the marketleader in the server virtualization with more than 50% of the market share
- Enterprise server virtualization market is set to reach more than $19b in 2014
- Microsoft is the market leader in the application virtuslization with 11% of the marke: share.
- Among the desktop virtualization market server hosted desktop virtualization holds more than 50% of the total market share.

Intellectual Property

In keeping with the Company's objective to build an expansive intellectual property footprint, the Company has filed six full patent applications (3 in Canada and 3 in the U.S.) claiming the priority date (January 2012) of our previous 3 provisional patents filed in Canada. The Company filed three additional provisional patents in this quarter. These first 9 patent fillings cover, among other things, various server and client side proprietary software capabilities of Sphere 3D's foundational technology platform, "Glassware 2.0™" . The Company has retained Bereskin & Parr LLP for its intellectual property work.

Consumer App Development

During the first quarter, the Company alpha tested the first of its many planned Apps for iPad to a limited number of users through Apple's App Store at www.itunes.com/appstore. The first App tested utilized Glassware 2.0™ thin client technology to give users access to a branded mainstream fully-featured desktop browser that would otherwise be incompatible with iPad. The App allowed users to browse the web faster and with all the necessary plug-ins such as Adobe® Flash®, Java™, PDF and QuickTime. The first phase of testing was completed in February. Screenshots of the App are available at www.sphere3d.com/media.html

During the second quarter, the Company signed a definitive agreement with Corel Corporation ("Corel") to act as Value Added Reseller and Distributor for Corel® Office and Corel® PDF Fusion™. Under the terms of the agreement, Sphere 3D will electronically distribute these award winning office productivity software titles to end users in one of 3 formats: a standard desktop version; a Virtual Desktop Instance (VDI); or mobile software versions powered by Sphere 3D's Software Virtualization solution, Glassware 2.0 ™.

On September 16, 2013, the Company announced that it was launching the public beta version of their new Glassware 2.0™ app for Corel® Office in October. The software is a game-changing approach to productivity on the fly. Users are no longer a slave to their desks; they can have complete software functionality, combined with the power of mobility and speech recognition to make creating and editing a snap; from literally anywhere.

SEGEMENTED INFORMATION

The Company's product development, sales, and marketing operations are conducted from its offices in Mississauga, ON, Canada. All sales and assets of the Company have been in Canada. The Company's operations are limited to a single industry segment, being the development, and sale of Sphere 3D's "Glassware™ 2.0" ultra-thin client technology that allows for the ubiquitous access to third party software on any Cloud connected device, independent of the user's operating system or the local device's hardware limitations.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Periods Ended September 30, 2013 and 2012

The table below sets out certain selected financial information regarding the consolidated operations of Sphere 3D for the periods indicated. The selected financial information has been prepared in accordance with IFRS. This information is taken from and should be read in conjunction with Sphere 3D's financial statements and related notes:

	Three Months ended September 30,		Nine Months ended September 30,	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Revenue	$ -	$ -	$ -	$ 409,347
Net comprehensive loss for the period	(468,663)	(530,008)	(1,678,437)	(1,406,593)
Loss per share	$ (0.03)	$ (0.04)	$ (0.10)	$ (0.12)

AS AT		September 30, 2013 (unaudited)		December 31, 2012 (audited)
Current assets	$	2,528,542	$	2,032,021
Non-current assets		1,367,232		1,178,698
Total assets	$	3,895,774	$	3,210,719
Current liabilities	$	686,607	$	303,218
Total equity	$	3,209,167	$	2,907,501

Sphere 3D has not declared any dividends since its incorporation. Sphere 3D does not anticipate paying cash dividends in the foreseeable future on its Sphere 3D Shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of Sphere 3D and will depend upon Sphere 3D's financial condition, results of operations, capital requirements and such other factors as the board of directors of Sphere 3D deems relevant.

Results of Operations

With the completion of the agreements with Overland Storage, Inc. and Corel Corporation and the financial resources acquired through those agreements and the exercise of warrants and options during the quarter, the Company has determined that it has met all the IFRS requirements for deferring development costs. As a result, effective July 1, 2013, the Company has commenced the deferral of these costs and will amortize them over the 4 year expected life of the intellectual property, commencing upon the commercial release of products.

Sphere 3D is a development stage company and did not generate any revenue in the three or nine months ended September 30, 2013, as it continued its development efforts. The majority of the $409,347 in revenue achieved in the nine months ended September 30, 2012 related to custom designed interactive kiosks. The design, development and manufacture of these kiosks provided the Company with the ability to test out several components of its technology. The custom design interactive kiosks were a special project and are not expected to generate future revenues.

During the three months ended September 30, 2013, Sphere 3D incurred cost of goods sold and general operating costs of $441,658 compared to $511,845 during the quarter ended September 30, 2012. For the nine months ended September 30, 2013, Sphere 3D incurred cost of goods sold and general operating costs of $1,651,779 compared to $1,387,876 during the nine months ended September 30, 2012.

Cost of goods sold for the three and nine months ended September30, 2013 were $0 and $26,160, respectively, compared to $10,364 and $360,148, respectively for the three and nine months ended September 30, 2012. The costs in 2013 relate to the fixed monthly internet costs required to provide the connectivity for our planned products. The costs in 2012 relate to initial manufacture and sale of the custom built interactive kiosks, in addition to the fixed monthly internet costs.

Salaries and consulting for the three and nine months ended September 30, 2013 were $200,133 and $987,745, respectively, compared to $276,933 and $929,203, respectively, for the three and nine months ended September 30, 2012. Included in Salaries and consulting during the first nine months of 2013 were stock compensation expenses, related to the awarding of stock options, in the amount of $118,169, compared to $270,000 in the first nine months of 2012. The decrease in expenses in the quarter ended September 30, 2013 was the result of the Company deferring the costs related to the development of the Glassware 2.0 product line. The Company expects to add additional staff in sales, marketing and research & development during the remainder of fiscal 2013.

Professional fees were $71,362 and $168,142, respectively in the three and nine months ended September 30, 2013, compared to $65,105 and $109,980, respectively, in the three and nine months ended September 30, 2012. The increase in 2013 was mainly due to recruiting fees incurred to add additional research and development staff.

General and administrative expenses were $68,496 and $208,641, respectively, for the three and nine months ended September 30, 2013 compared to $98,083 and $234,258, respectively, for the three and nine months ended September 30, 2012. General and administrative expenses mainly relate to the semi-fixed costs of facility rentals, utilities and office expenses and should not vary greatly over the balance of 2013. The portion of the expenses that relate to the development work have been deferred resulting in the reported reduction during the quarter ended September 30, 2013.

Research and development expenditures for the three months ended September 30, 2013 have been deferred. Prior to the deferral of the development costs the expenses were $Nil and $11,522, respectively, for the three and nine months ended September 30, 2013 compared to $14,019 and $35,767 for the three and nine months ended September 30, 2012. These costs are for non-capitalized equipment and for supplies used for the development of Sphere 3D's technology. Sphere 3D expects to increase its spending on development during fiscal 2013 and 2014.

Public company expenses for the three and nine months ended September 30, 2013 were $50,848 and $109,407 respectively (2012 – nil). These fees relate to the cost of listing the Company's equity on the Toronto Stock Exchange – Venture, the filing fees for continuous disclosures and various investor relations activities.

The net comprehensive loss for the three and nine months ended September 30, 2013 was $468,663 or $0.03 per share and $1,678,437 or $0.10 per share, respectively, compared with a net comprehensive loss in the three and nine months ended September 30, 2012 of $530,008 or $0.04 per share and $1,406,593 or $0.12 per share, respectively. Included in the net comprehensive loss for the three and nine months ended September 30, 2013, was an unrecognized holding loss, of $26,350, on the shares of Overland Security, which the Company holds as an investment. Sphere 3D expects to continue to incur losses for the remainder of fiscal 2013 as it completes its development of its technology and commercializes its products.

Financial Position

Sphere 3D's cash position increased during the quarter ended September 30, 2013 by $900,879 compared to an increase of $205,384 for the quarter end September 30, 2012. Operating activities required cash of $138,179, after deferral of development costs, adjustments for non-cash items and changes in other working capital balances, compared to $580,369 during the quarter ended September 30, 2012. Investing activities required cash of $322,876 (2012 - $28,348), related to the cost of ongoing development and the filing of patents and trademarks and the acquisition of property and equipment to support Sphere 3D's ongoing development work. Sphere 3D received cash of $1,361,934 from the exercise of options and warrants in during the three months ended September 30, 2013 compared to $814,101 which was generated during the three months ended September 30, 2012, from the sale of common stock.

Liquidity and Capital Resources

At September 30, 2013, Sphere 3D had cash of $1,394,704 and working capital of $1,841,935 compared to cash of $1,633,334 and working capital of $1,728,803 as at December 31, 2012.

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which [ ] common shares were issued and outstanding as of the date of this MD&A.

Certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	QT Escrow		Value Share Escrow		Total Escrow	
	Number	%	Number	%	Number	%
Balance at December 21, 2012[1]	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012[2]	232,750	5	430,625	10	663,375	7
Balance at December 31, 2012	4,422,250	95	3,875,625	90	8,297,875	93
Released – June 27, 2013	232,750	5	645,937	15	878,687	10
Total subject to escrow at September 30, 2013	4,189,500	90	3,229,688	75	7,419,188	83
Future release dates						
December 27, 2013	465,500	10	645,937	15	1,111,437	12
June 27, 2014	465,500	10	645,937	15	1,111,437	13
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	28
Total future releases	4,189,500	90	3,229,688	90	7,419,188	83

(1) Date of completion of the Qualifying Transaction
(2) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release rates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

The Company has warrants outstanding to purchase up to an aggregate of 3,019,669 common shares, including an unit warrant, consisting of one share and one warrant, that if exercised would allow for the purchase of an additional 182,492 common shares. Subsequent to September 30, 2013, all of the unit warrants and 984,460 of the warrants have been exercised for proceeds of $1,139,578.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. At the Annual and Special meeting of Shareholders, held on September 16, 2013, the shareholders approved the amendment of the Company's Option Plan to a fixed 20% plan, allowing for the award of up to 3,375,000 options. As of the date of this MD&A, Options granted under the Option Plan to purchase up to an aggregate of 2,940,000 common shares have been awarded. A total of 60,000 options were exercised during the quarter, while 2,880,000 remain outstanding. Subsequent to September 30, 2013, 120,000 options, with an average exercise price of $0.70, have been exercised.

On November 12, 2013, the Company completed the private sale of an aggregate of 1,250,000 units of the Company (each a "Unit") at a purchase price of $3.35 per Unit. Each Unit consisted of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each full warrant, a "Warrant"), each Warrant being exercisable to acquire one Common Share at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants are subject to an acceleration clause whereby should the Common Shares trade at $6.00 or more for more than 10 consecutive trading days on the TSX Venture Exchange (the "TSXV") or other principal exchange, the Company has the right to issue notice to the warrant holders to accelerate the expiry date of the Warrants to a period ending not less than 20 trading days from the date of notice.

The Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering, were reimbursed for fees and expenses incurred in connection with the Offering, and received compensation warrants (the "Broker Warrants") equal to 8% of the number of Units sold under the Offering. Each Broker Warrant consists of one Common Share and one-half of one Warrant and is exercisable at a price of $3.35 per Unit for a period of 24 months from the closing date, subject to acceleration of the expiry date of the Warrant in certain instances.

Assuming that all of the outstanding options and warrants are exercised, 26,436,939common shares would be issued and outstanding on a fully diluted basis.

Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

During the three and nine months ended September 30, 2013, legal services of $43,682 and $74,076, respectively (2012 - $82,678 and $121,910) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at quarter end included in accounts payable total $13,265 (2012 - $26,361)

Quarterly Information

As a private company, until the reverse takeover transaction which took place on December 21, 2012, Sphere 3D was not required to prepare quarterly financial statements, and as such, no quarterly financial statements are included in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to Sphere 3D Corporation can be found on SEDAR at www.sedar.com.

Sphere 3D to Present at 2014 Cantech Investment Conference in Toronto

Mississauga, ONTARIO – January 15th, 2014 – Sphere 3D Corporation (TSXV-ANY; OTCQX: SPIHF) (the "Company"), developer of Glassware 2.0™ foundational thin client technology, is pleased to announce that the Company will be attending the 2014 Cantech Investment Conference on January 16th, 2014 in Toronto, Ontario.

Peter Tassiopoulos, CEO of Sphere 3D, will be presenting at the conference at 9:55 am EST. The Company will have a booth in the investor exhibit hall and shall be demonstrating a number of its Glassware 2.0 products for attendees.

Following the Conference, a copy of the presentation and video of the demonstration shall be posted on the Company's website at www.sphere3d.com/media-and-news

The Cantech Investment Conference brings together the top thought leaders, fastest growing companies and most influential investors in the country for a full day exposition at the Metro Toronto Convention Centre. It is the ultimate showcase for Canadian technology development and investor opportunities. Canadian icon Commander Chris Hadfield will take the stage as key note speaker to remind Canadians that "The Sky is Not the Limit". Other speakers include Canadian technology legend Sir Terry Matthews, Wellington Financial CEO Mark McQueen, and OMERS Ventures CEO John Ruffolo. The day will complete with Cantech Letter's 4th annual Cantech Letter Awards Dinner, recognizing the top achievement in Canadian technology, clean technology and life science sectors.

For information about the Cantech Investment Conference, visit: www.cambridgehouse.com

Contact:

Peter Tassiopoulos, CEO
Sphere 3D Corporation
Phone: (416) 749-5999
Email: peter@sphere3d.com

About Sphere 3D Corporation

Sphere 3D Corporation is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit: www.sphere3D.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D to Acquire V3 Systems

Strong strategic fit; extends existing capabilities in Virtualization Platform Management, Virtual Desktop Infrastructure, Desktop as a Service and the Mobile Workspace

Mississauga, Ontario – February 11th, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF) ("Sphere 3D" or the "Company"), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, today announced that it has entered into a definitive agreement to acquire V3 Systems, Inc. ("V3" or "V3 Systems")

Founded in 2010 and based in Salt Lake City, Utah, V3 is a technology leader in desktop cloud management solutions. V3 is the creator of the Desktop Cloud Orchestrator™ ("DCO") software, which allows administrators to manage local, cloud hosted, or hybrid virtual desktop deployments and the V3 Appliance; a series of purpose-built, compact, efficient and easy-to-manage servers. As a VMware OEM embedded partner, V3 has revolutionized the speed, ease of use, deployment and even the data center required for virtual desktop infrastructure (VDI). V3 has won numerous awards including a DEMOgod™ Award, Best Startup Company at the Best of INTEROP 2012, and a Utah Innovation Award in 2013. The V3 customer list includes the FBI, U.S. Department of Labor, U.S. Naval Academy, University of Texas, Blue Cross Blue Shield, and Children's Hospital of Alabama, among others.

"This acquisition will quickly add breadth to our overall product portfolio, and fast tracks our transition to commercial operations with accretive revenue from day one." said Sphere 3D's CEO Peter Tassiopoulos "The V3 executive and Sphere 3D team share a vision of anywhere, anytime computing. Through this acquisition we will be able to accelerate on the delivery of that vision."

Sphere 3D has been working closely with V3 for several months and commenced shipping of V3 Appliances to customers in January 2014. Sphere 3D and its global licensee, Overland Storage Inc. (NASDAQ: OVRL), have expanded their relationship to include the V3 offering and will embed some of Overland's award winning Network Assisted Storage (NAS) and Clustered Storage technology within the product suite to create new Software Defined Storage capability. Overland will deliver both the Sphere 3D and V3 products through Overland's extensive global network of channel partners and service providers.

"Sphere 3D's ground-breaking work in virtualizing and delivering applications coupled with V3's high-performance virtual desktops and management tools will create a new product category within the end user computing industry," said V3 Systems' CEO Ric Lindstrom. "Bringing together the two technologies will provide a true contextual desktop and application experience. We expect this combination will offer a very compelling solution to customers in sectors such as financial services, government, education, and healthcare."

Utilizing the V3 DCO software, a desktop administrator or user can synchronize their images to images being hosted in the cloud, allowing for easy and simple fail-over and service levels that enhance performance, security, up-time, and a host of other desirable features which are prohibitively expensive or impossible when compared to physical desktop deployment implementations, traditional data as a service (DaaS), or even VDI.

The V3 Appliance is a purpose built server designed for easy deployment and support. Seamless data center integration is accomplished by housing every system and software-critical component within the V3 Appliance, for a solution that can be implemented out-of-the-box. With substantially less hardware to support and the ability to perform distributed deployment of virtual desktops through a single user-friendly interface, the simplicity of the V3 architecture translates into minimal IT management. Organizations can deploy anywhere from 50 to thousands of virtual desktops by deploying additional V3 Appliances into server racks, providing for ease of scalability.

"We founded V3 Systems to address performance bottlenecks inherent in legacy on premise and cloud-based VDI deployments." said V3 Systems founder and Chief Scientific Officer, Peter Bookman. "Speed is a funny thing…you never know you need it until you experience it, and then you can't live without it. V3 Systems continues to lead the way in providing the best computing experience possible. This relationship will ensure continual thought leadership in breaking down barriers to this level of end user computing."

Terms and Closing

Sphere 3D and V3 have entered into an Asset Purchase Agreement, whereby a wholly-owned subsidiary of Sphere 3D will acquire all the assets, including patents, trademarks and other intellectual property, as well as customer lists, contracts and other operating agreements of V3 Systems. In addition, all key employees of V3 Systems will join Sphere 3D on closing.

On closing, Sphere 3D will satisfy the purchase price of USD $9.7 million by payment of USD $4.0 million in cash (less any amounts received on an interim basis prior to closing) and the issuance of 1,089,867 common shares of Sphere 3D (the "Payment Shares"). The Payment Shares are issued in accordance with TSXV Policy 1.1 at a deemed price of USD $5.23 (based on the current F/X rate of USD $1.00 = CAD $1.105 is CAD $5.80) being the 20-day weighted average share price on December 4, 2013, which was the date the parties executed the Letter of Intent. In addition, V3 shall be entitled to receive an earn-out, based on achieving certain milestones in revenue and gross margin, of up to a further USD $5.0 million, payable at the option of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at the 20-day weighted average trading price preceding the date(s) the earn-out is realized. The transaction was negotiated at arms-length and no finder's fees will be paid in connection with closing.

The shares are subject to resale restrictions of four months and one day as per applicable Canadian securities laws. In addition, the shares issued as part of this transaction are subject to restrictions in accordance with applicable United States securities laws. In addition, the terms of the Asset Purchase Agreement provide that the Payment Shares cannot be distributed to the shareholders of V3 prior to January 1, 2015 without the consent of Sphere 3D.

The purchase is subject to various pre-closing conditions, including completion of due diligence, financing, receipt of final TSXV approval, and various closing conditions customary of a transaction of this nature. It is anticipated that closing will occur on or about February 28, 2014.

Investor Conference Call

A conference call to discuss the acquisition will be held February 12, 2014 at 8:30 a.m. ET (5:30 a.m. PT). To access the conference call, please dial 1-877-476-8829.

Please connect at least 10 minutes prior to the conference call to ensure that you have adequate time to join.

An archived recording of the conference call will be available until March 12, 2014 at midnight. To listen to this recording access: URL:

https://onecast.thinkpragmatic.com/ses/gjUhZTww7-XuHneLshxU6Q~~

Investor Contact

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
peter@sphere3d.com

About Sphere 3D Corporation

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Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the Company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D Corporation Honoured as a TSX Venture 50(R) Company

Mississauga, Ontario--(Feb. 12, 2014) Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF) ("Sphere 3D" or the "Company"), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, is pleased to announce today that it has been recognized by the TSX Venture Exchange as one of the 2014 TSX Venture 50® companies, a ranking of the best performing companies listed on the TSX Venture Exchange.

"We are honoured to be recognized as one of the top ten ranked companies in the TSX Venture's Technology and Life Sciences section and a member of the 2014 TSX Venture 50® companies," said Peter Tassiopoulos, CEO of Sphere 3D. "We would like to thank our valued shareholders for their continued support and the entire Sphere 3D team for their dedication and excellent work in driving our vision of anywhere, anytime computing. We intend to continue the rapid pace in developing our product offerings in 2014 and beyond."

Investor Contact

Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
peter@sphere3d.com

About Sphere 3D Corporation

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About The TSX Venture 50®

The TSX Venture 50® annually awards the top ten companies listed on the TSX Venture Exchange, in each of five major industry sectors - Oil and Gas, Mining, Technology & Life Sciences, Diversified Industries and Clean Technology. The companies are chosen based on equal weighting of their share price appreciation, trading volume, market capitalization, growth and analyst coverage. All data was as of December 31, 2013.

TSX Venture 50 is a trade-mark of TSX Inc. and is used under license.

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Sphere 3D and V3 Systems Exhibiting at HIMSS 2014

To demonstrate Desktop and Application Cloud Computing solutions at HIMSS 2014

Mississauga, Ontario – February 19, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, today announced that Sphere 3D and V3 will demonstrate their technologies at the HIMSS 2014 Annual Conference. The conference, held at the Orange County Convention Center in Orlando, FL from February 23 - 27, 2014, brings together over 37,000 healthcare IT professionals, clinicians, executives and leading HIT companies from around the world. During the conference, Sphere 3D will be showcasing the Company's Glassware and V3 suite of solutions at **HIMSS booth #3791**.

In the Healthcare industry, the most important metric is the quality of care provided to patients. This is often dependent upon how quickly care providers can access the content needed to provide the best and most responsive care possible.

Budgetary and technology constraints have led healthcare organizations to acquire disparate systems, over time, that can be a challenge to integrate and up until now, an even greater challenge to virtualize. Utilizing Sphere 3D and V3 Systems product suites, IT has the ability to build out their IT systems in the most versatile architecture not seen in the marketplace today and enables them to virtualize a wide range of legacy systems in the process. You can now choose the specific balance of virtual desktops, virtual applications, storage, on premise, cloud and hybrid cloud based building blocks to achieve optimal performance, security and cost savings.

Visit **HIMSS booth #3791** to learn more about Sphere 3D's and V3's unique platform through live demonstrations, and opportunities for face-to-face conversations with various members of the executive team.

Sphere 3D Contact:
Peter Tassiopoulos, CEO
Tel: (416) 749-5999
Peter@sphere3d.com

About Sphere 3D Corporation

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SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 Date of Material Change

February 11, 2014

Item 3 News Release

The news release attached hereto as Schedule "A" was issued by the Corporation and disseminated via Newsfile on February 11, 2014.

Item 4 Summary of Material Change

The Corporation announced that it has entered into an asset purchase agreement dated February 11, 2014 (the "**Asset Purchase Agreement**") to acquire all the assets, including patents, trademarks and other intellectual property of V3 Systems, Inc. ("**V3 Systems**"), a technology leader in desktop cloud management solutions (the "**Transaction**"). The Transaction is subject to a number of pre-closing conditions as described below and is anticipated to close on or about February 28, 2014.

Item 5 Full Description of Material Change

The news releases attached hereto as Schedule "A" provides a full description of the material change.

The Corporation announced that it has entered into an Asset Purchase Agreement whereby it will cause its wholly-owned Delaware domiciled company, V3 Systems Holdings, Inc., to acquire all the assets, including patents, trademarks and other intellectual property of V3 Systems.

Founded in 2010 and based in Salt Lake City, Utah, V3 Systems is the creator of the Desktop Cloud Orchestrator™ virtualization software which allows administrators to manage local, cloud hosted, or hybrid virtual desktop deployments as well as the V3 Appliances; a series of purpose-built, compact, efficient and easy-to-manage servers. As an Embedded OEM VMware partner, V3 Systems has revolutionized the speed, ease, deployment and even the size of the data center required for virtual desktop infrastructure.

On closing, Sphere 3D will pay a purchase price of USD $9.7 million with $4.0 million in cash (less any amounts received on an interim basis prior to closing) and issue 1,089,867 common shares of the common stock of Sphere 3D (the "**Payment Shares**"). The Payment Shares were issued in accordance with TSXV Policy 1.1 at a deemed price of USD $5.23, being the 20-day weighted average share price on December 4, 2013, which was the date the parties executed the Letter of Intent. In addition, V3 Systems shall be entitled to receive an earn-out based on achieving certain milestones in revenue and gross margin of up to a further USD $5.0 million (the "**Earn-Out**"), payable at the discretion of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at a 20-day weighted average price calculated at the time(s) the earn-out is realized (the "**Earn-Out Shares**"). The Earn-Out is based on a sliding scale of revenue of the V3 Systems business (subject to minimum margin realization), subject to a maximum payment of USD $5.0 million upon earn-out revenue of USD $12.5 million.

The Payment Shares and the Earn-Out Shares, if issued, are subject to resale restrictions of four months and one day from the date of issuance as per applicable Canadian securities laws as well as restrictions, if any, under applicable U.S. Securities Act federal and state securities laws. In addition, the terms of the Asset Purchase Agreement provide that the Payment Shares cannot be distributed to the shareholders of V3 prior to January 1, 2015 without the consent of Sphere 3D.

On closing of the Transaction, Eric (Ric) Lindstrom will join Sphere 3D and serve as President of V3 Systems Holdings, Inc., being the purchaser, and serve as a member of the board of this subsidiary company, the other members of the board to consist of existing management of Sphere 3D.

Closing of the Transaction is subject to various pre-closing conditions, including completion of due diligence, financing, receipt of final TSX Venture Exchange approval, and various closing conditions customary of a transaction of this nature and is anticipated to close on or about February 28, 2014. The transaction was negotiated at arms-length and no finder's fees will be paid by the parties in connection with closing.

V3 Systems and Sphere 3D have been working closely together for several months to align their product offerings and effective January 1, 2014, Sphere 3D has commenced shipping V3 Systems appliances to its customers, In addition, Sphere 3D and its global licensee, Overland Storage Inc. (NASDAQ: OVRL), have expanded their relationship to deliver both the Sphere 3D and V3 Systems product suite through Overland's extensive network of 16,000 channel partners.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 Date of Report

DATED this 20th day of February, 2014.

SCHEDULE "A"

Sphere 3D to Acquire V3 Systems

Strong strategic fit; extends existing capabilities in Virtualization Platform Management, Virtual Desktop Infrastructure, Desktop as a Service and the Mobile Workspace

Mississauga, Ontario – February 11th, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF) ("Sphere 3D" or the "Company"), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, today announced that it has entered into a definitive agreement to acquire V3 Systems, Inc. ("V3" or "V3 Systems")

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"Sphere 3D's ground-breaking work in virtualizing and delivering applications coupled with V3's high-performance virtual desktops and management tools will create a new product category within the end user computing industry," said V3 Systems' CEO Ric Lindstrom. "Bringing together the two technologies will provide a true contextual desktop and application experience. We expect this combination will offer a very compelling solution to customers in sectors such as financial services, government, education, and healthcare."

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On closing, Sphere 3D will satisfy the purchase price of USD $9.7 million by payment of USD $4.0 million in cash (less any amounts received on an interim basis prior to closing) and the issuance of 1,089,867 common shares of Sphere 3D (the "Payment Shares"). The Payment Shares are issued in accordance with TSXV Policy 1.1 at a deemed price of USD $5.23 (based on the current F/X rate of USD $1.00 = CAD $1.105 is CAD $5.80) being the 20-day weighted average share price on December 4, 2013, which was the date the parties executed the Letter of Intent. In addition, V3 shall be entitled to receive an earn-out, based on achieving certain milestones in revenue and gross margin, of up to a further USD $5.0 million, payable at the option of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at the 20-day weighted average trading price preceding the date(s) the earn-out is realized. The transaction was negotiated at arms-length and no finder's fees will be paid in connection with closing.

The shares are subject to resale restrictions of four months and one day as per applicable Canadian securities laws. In addition, the shares issued as part of this transaction are subject to restrictions in accordance with applicable United States securities laws. In addition, the terms of the Asset Purchase Agreement provide that the Payment Shares cannot be distributed to the shareholders of V3 prior to January 1, 2015 without the consent of Sphere 3D.

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https://onecast.thinkpragmatic.com/ses/gjUhZTww7-XuHneLshxU6Q~~

Investor Contact

Sphere 3D Contact:
Sphere 3D Corporation
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About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the Company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D and UniPrint Enter into OEM Agreement

Agreement Enables Secure Virtual Printing for V3 Appliances and Glassware 2.0 Applications

Mississauga, Ontario – February 24th, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, today announced they have entered into an OEM agreement with UniPrint, a Division of ACCEO Solutions, Inc. (“UniPrint”),the leader in printing virtualization.

UniPrint’s award winning printing virtualization software allows simple and reliable follow-the-user printing, also known as secure pull printing. UniPrint printing virtualization allows for printing from any application (desktop, web or mobile) on any device (PC, tablet or other web-based device) to any printer (regardless of make or model, cloud-ready or not).

UniPrint enables:

- Anywhere, anytime, any device secure pull printing;
- Easy and reliable remote printing across platforms, from 140 different applications;
- Highly scalable solutions as printers and users are added;
- Printer-vendor independency;
- Simple installation and easy integration;
- Increased operational efficiency and improved employee productivity.

“UniPrint has established itself as the leading solution for secure virtual printing in the marketplace today. Considering the requirements for virtualization and enhanced security within the healthcare vertical, we thought it fitting to announce this agreement at HIMSS”said Peter Tassiopoulos, CEO of Sphere 3D, adding “This agreement allows us to further enhance the range of industry leading software we are able to make available to our channel partners and customers.”

“When Sphere 3D presented us with the opportunity to be part of their innovative virtualization solutions, along with V3 Systems and Overland Storage – we were excited to incorporate our technology into their suite of virtualization building blocks.” said Arron Fu, VP of Software Development at UniPrint. “UniPrint adds efficient printing for both remote and local operations to Sphere 3D’s unique VDI solutions which are designed to future proof legacy apps, extend the life of the PC and even mainframe apps for enterprise. We look forward to growing with Sphere 3D in the future.”

UniPrint pioneered the use of PDF-based universal printer driver technology to streamline and enhance printing in Server-based Computing (SbC) environments.

The patented and award-winning UniPrint Suite provides a comprehensive range of enhanced-printing solutions for all computing environments. Using UniPrint, millions of workers in over 70 countries enjoy efficient and seamless printing. UniPrint is proud to be able to help customers in large and small, public and private sector organizations to increase productivity and reduce costs.

UniPrint will be demonstrating its virtual printing and follow me printing solutions at the HIMSS 2014 Annual Conference in Sphere 3D and V3 System's **HIMSS booth #3791**

About UniPrint

UniPrint, a division of ACCEO Solutions Inc. (www.acceo.com), is the recognized leader in printing virtualization. The newest solution in UniPrint's patented, award-winning product line, UniPrint Infinity is the industry's first truly secure enterprise-wide solution for any computing environment. Enabling anywhere, anytime, any device secure pull printing, UniPrint Infinity comes with a proven ROI through its statistics module, print document archiving functionality and Virtual Print Queue technology. UniPrint Infinity replaces all manufacturer printer drivers with a single PDF generator to promote faster, more efficient printing, helping organizations to improve both productivity and return on investments. For additional information on UniPrint, please visit www.uniprint.net.

UniPrint Infinity, and UniPrint Host Edition are trademarks of UniPrint. All other trademarks and registered trademarks are properties of their respective owners.

About Sphere 3D Corporation

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Sphere 3D Contact:
Peter Tassiopoulos, CEO
Tel: (416) 749-5999
Peter@sphere3d.com

Forward-Looking Statements

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Sphere 3D CEO to Present at ROTH Investor Conference

Mississauga, Ontario – March 7th, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, announced today that Peter Tassiopoulos, CEO, will present at the ROTH Capital Partners 26th Annual Investor Conference on Tuesday, March 11, 2014 at 10:30 a.m. Pacific Time. The conference is being held at the Ritz-Carlton in Dana Point, CA.

To arrange a one-on-one meeting with Sphere 3D, please contact a ROTH Capital Partners sales person.

Conference Details:

- ROTH Capital Partners 26th Annual Investor Conference
- March 9-12, 2014
- The Ritz-Carlton, Dana Point, CA
- More information can be found at http://www.roth.com

About Sphere 3D Corporation

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Sphere 3D Contact:
Peter Tassiopoulos, CEO
Tel: (416) 749-5999
Peter@sphere3d.com

Forward-Looking Statements

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Sphere 3D Announces Stoney Hall VP Global Sales

Peter Tassiopoulos CEO, appointed to Board of Directors

Mississauga, Ontario – March 14th, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF) (the "Company" or "Sphere 3D"), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, today announced Mr. Stoney Hall, former Partner Alliance Manger-Healthcare and Life Sciences, Dell Inc. as the new Vice President of Global Sales.

With almost twenty years' experience in sales, Mr. Hall is well known as an influential, dynamic and experienced sales executive who has effectively leveraged teams and partnerships to consistently exceed revenue expectations. He has proven himself as a leader who can provide direction in business growth, strategic planning, sales and marketing.

"Stoney is a technically sophisticated, results-driven, and seasoned senior executive" said Peter Tassiopoulos, CEO of Sphere 3D. "In just his first few weeks since joining the team at Sphere 3D he has been instrumental in creating effective strategies to ramp revenue, capitalize on growth opportunities, and support our channel partners."

Additionally, the Company reports that Peter Tassiopoulos, CEO of Sphere 3D, has been appointed to the Board of Directors of the Company.

"Peter has just celebrated a successful first year since taking the reins as CEO in March of 2013" said Eric Kelly, Chairman of Sphere 3D. Adding, "we look forward to his input going forward as both the CEO and a valuable member of the board of the Company".

To make room on the Board, Mr. John Morelli has stepped down as a director. John will continue to focus on his role of leading the R&D and technology team at Sphere 3D.

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

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SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 **Date of Material Change**

March 14, 2014

Item 3 **News Release**

The news release attached hereto as Schedule "A" was issued by the Corporation and disseminated via Newsfile on March 14, 2014.

Item 4 **Summary of Material Change**

The Corporation announced the resignation of Giovanni (John) Morelli as a member of the board of directors of the Corporation (the "**Board**") effective March 7, 2014 and the appointment of Peter Tassiopoulos, the Corporation's Chief Executive Officer, as a member of the Board.

Item 5 **Full Description of Material Change**

The news release attached hereto as Schedule "A" provides a full description of the material change.

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 **Date of Report**

DATED this 17th day of March, 2014.

SCHEDULE "A"

Sphere 3D Announces Stoney Hall VP Global Sales
Peter Tassiopoulos CEO, appointed to Board of Directors

Mississauga, Ontario--(Newsfile Corp. - March 14, 2014) - Sphere 3D Corporation (TSXV: ANY) (OTCQX: SPIHF) (the "Company" or "Sphere 3D"), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, today announced Mr. Stoney Hall, former Partner Alliance Manger-Healthcare and Life Sciences, Dell Inc. as the new Vice President of Global Sales.

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"Stoney is a technically sophisticated, results-driven, and seasoned senior executive" said Peter Tassiopoulos, CEO of Sphere 3D. "In just his first few weeks since joining the team at Sphere 3D he has been instrumental in creating effective strategies to ramp revenue, capitalize on growth opportunities, and support our channel partners."

Additionally, the Company reports that Peter Tassiopoulos, CEO of Sphere 3D, has been appointed to the Board of Directors of the Company.

"Peter has just celebrated a successful first year since taking the reins as CEO in March of 2013" said Eric Kelly, Chairman of Sphere 3D. Adding, "we look forward to his input going forward as both the CEO and a valuable member of the board of the Company".

To make room on the Board, Mr. John Morelli has stepped down as a director. John will continue to focus on his role of leading the R&D and technology team at Sphere 3D.

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Peter Tassiopoulos, CEO
Tel: (416) 749-5999
Peter@sphere3d.com

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Sphere 3D Closes U.S. $5 Million Convertible Debt Financing

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – March 21st, 2014 – Sphere 3D Corporation (TSXV-ANY) (the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today it has completed a financing with FBC Holdings S.A.R.L., an entity whose ultimate shareholders are managed by Cyrus Capital Partners, L.P. (collectively, "**FBC**"), whereby FBC subscribed for a convertible secured debenture of the Corporation in the principal amount of U.S. $5,000,000.

The Debenture matures on March 21, 2018, being the fourth anniversary of the date of issuance, and bears interest at 8% per annum, to be paid semi-annually in arrears, in cash or shares at the option of the Corporation. The Debenture is convertible at any time into common shares in the capital of the Corporation (the "**Conversion Right**") at U.S. $7.50 per share (the "**Conversion Price**"). The Corporation shall have the right to force FBC to convert the Debenture if the trading price of the common shares for 10 successive days in which the shares actually trade on the TSX Venture Exchange (the "**TSXV**") or other principal exchange, exceeds 150% of the Conversion Price.

The Debenture and any common shares issued upon exercise of the Conversion Right are subject to a four-month hold period from the issuance date of the Debenture in accordance with the policies of the TSXV and applicable securities laws. No broker or other fees are payable by the Corporation in connection with entering into of the Debenture. The proceeds of the Debenture will be used to partially fund the Corporation's previously announced transaction to purchase substantially all of the assets of V3 Systems, Inc., and for sales and marketing, general corporate and working capital purposes.

The Debenture and any common shares issued upon exercise of the Conversion Right have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

About Sphere 3D Corporation
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Forward-Looking Statements

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Sphere 3D Completes Acquisition of V3 Systems

Mississauga, Ontario – March 21st, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF) ("Sphere 3D" or the "Company"), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, today announced that it completed the acquisition of all of the assets and operations of privately held V3 Systems Inc. ("V3"), a leader in providing VDI architecture, software and hybrid Desktop-as-a-Service (DaaS) solutions.

The acquisition includes V3 Desktop Cloud Orchestrator® ("DCO"), software developed from the ground up to enable the desktop administrator to quickly and efficiently meet the needs for day-to-day management of virtual desktops in a secure, centralized console. DCO provides automatic replication of persistent virtual desktops; enabling a seamless pool movement between V3 Appliances when needed for failover or scheduled maintenance.

V3's Desktop Cloud Computing solution represents a quantum leap in the way desktop virtualization is designed and deployed from a hardware, software and delivery perspective. Customers across a variety of industries, including professional services, healthcare, education, and government, within the United States, Canada and Europe have been using V3's award winning technology since 2010.

"With this asset acquisition now complete, we can focus on finalizing the integration of V3's appliance-based approach with the Glassware 2.0™ platform. This will allow for drop-in deployments of virtual applications to complement V3's drop-in deployment model of full virtual desktops; all at a fraction of the complication, overhead and timelines of traditional VDI or DaaS deployments," said Sphere 3D CEO Peter Tassiopoulos.

The Company further reports that included in the purchased V3 assets is the right to acquire the assets of Celio Technology Corporation ("Celio"). Celio is the creator of the patented REDFLY® series of products, including ScreenSlider mobile technologies. REDFLY® enabled solutions are designed to support mobile computing productivity applications focused on accessing content across mobile computing devices and providing interoperability with remote displays. The Company is currently in the process of completing its due diligence on these assets and additional information relating to Celio will be released in due course.

Sphere 3D will maintain an office in Salt Lake City, Utah and operate V3 under the direction of Ric Lindstrom, President of V3 Systems. The Company is also pleased to report that it has established a demonstration lab, which includes servers that are provisioned with Glassware 2.0™ at this facility in Utah.

The purchased assets acquired include, all software, source code, IP, trademarks, supplier contracts, customer contracts, assignment of all software, hardware and services revenue and other assets that are required to operate the business.

Sphere 3D paid a purchase price of USD $9.7 million in cash and stock with a potential earn-out of up to USD $5 million, subject to various revenue and margin requirements. Additional details can be found in our Press Release of February 11th, 2014. The transaction was negotiated at arms-length and no finder's fees were paid in connection with closing.

The shares issued are subject to resale restrictions of four months and one day as per applicable Canadian securities laws. In addition, the shares issued as part of this transaction are subject to restrictions as per applicable U.S. Securities Act federal and state securities laws.

Sphere 3D Contact:

Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Email: peter@sphere3d.com

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About V3 Systems, Inc.

Founded in 2010 and based in Salt Lake City, Utah, V3 is the creator of the Desktop Cloud Orchestrator® virtualization management software which allows administrators to manage local, cloud hosted, or hybrid virtual desktop deployments as well as the V3 Appliances; a series of purpose-built, compact, efficient and easy-to-manage servers. V3 has revolutionized the speed, ease of use, deployment and even the size of the data center required for virtual desktop infrastructure. For additional information visit www.v3sys.com.

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200 University Ave., Suite 300
Toronto, Ontario M5H 4H1
T 416.361.0930 F 416.342.0590

VIA ELECTRONIC TRANSMISSION

March 21, 2014

TO ALL APPLICABLE EXCHANGES AND COMMISSIONS:

RE: SPHERE 3D CORPORATION
Confirmation of Notice of Record and Meeting Dates

We are pleased to confirm that Notice of Record and Meeting Dates was sent to The Canadian Depository for Securities.

We advise the following with respect to the upcoming Annual General and Special Meeting of Security Holders for the subject issuer:

1	ISIN:	CA84841Q1090
	CUSIP:	84841Q109
2	Date Fixed for the Meeting:	May 27, 2014
3	Record Date for Notice:	April 16, 2014
4	Record Date for Voting:	April 16, 2014
5	Beneficial Ownership Determination Date:	April 16, 2014
6	Classes or Series of Securities that entitle the holder to receive Notice of the Meeting:	COMMON
7	Classes or Series of Securities that entitle the holder to vote at the meeting:	COMMON
8	Business to be conducted at the meeting:	Annual General and Special
9	Notice-and-Access:	
	Registered Shareholders:	NO
	Beneficial Holders:	NO
	Stratification Level:	NOT APPLICABLE
10	Reporting issuer is sending proxy-related materials directly to Non-Objecting Beneficial Owners:	YES
11	Issuer paying for delivery to Objecting Beneficial Owners:	YES

Yours truly,
TMX Equity Transfer Services

" Michael Lee "
Relationship Manager
mlee@equityfinancialtrust.com

SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 Date of Material Change

March 21, 2014

Item 3 News Release

The news releases attached hereto as Schedules "A" and "B" issued by the Corporation and disseminated via Newsfile Corp. on March 21, 2014 and are available on the Corporation's profile at www.sedar.com.

Item 4 Summary of Material Change

On March 21, 2014, the Corporation announced that it has completed a financing with FBC Holdings S.A.R.L., a wholly-owned subsidiary of Cyrus Capital Partners L.P. (collectively, "**Cyrus**"), whereby Cyrus subscribed for a convertible secured debenture of the Corporation in the principal amount of U.S. $5,000,000 (the "**Debenture**").

On March 21, 2014, the Corporation also announced that it has closed its previously announced transaction to acquire all the assets, including patents, trademarks and other intellectual property of V3 Systems, Inc. ("**V3 Systems**").

Item 5 Full Description of Material Change

The news release attached hereto as Schedule "A" provides a full description of the material change.

On March 21, 2014, the Corporation announced that it has entered into a Debenture with Cyrus for U.S. $5,000,000. The Debenture has a four year term maturing on March 21, 2018, bears interest at 8% per annum, to be paid semi-annually in cash or shares at the option of the Corporation. The Debenture is convertible at any time into common shares in the capital of the Corporation (the "**Conversion Right**") at a price of U.S. $7.50 (the "**Conversion Price**"). The Corporation shall have the right to force the conversion of the Debenture if the trading price of the common shares for 10 successive days in which the shares actually trade on the TSX Venture Exchange (the "**TSXV**") or other principal exchange, exceeds 150% of the Conversion Price. In addition, the Corporation shall have the right to repay in full the outstanding balance owing under the Debenture at any time during the first 12 months of the term for an amount equal 120% of the balance then outstanding and at any time during the second year of the term for an amount equal 125% of the balance then outstanding.

The Corporation and each subsidiary has granted a first ranking security interest in favour of Cyrus against all of their assets, save and except that Cyrus has agreed to subordinate its security interest in favour of a loan facility to be provided to the Corporation by a bank or commercial lender not to exceed U.S. $3,000,000. There are no restrictions on the Corporation entering into additional unsecured indebtedness.

The Debenture and any common shares issued upon exercise of the Conversion Right are subject to a four-month hold period from the issuance date of the Debenture in accordance with the policies of the TSXV and applicable securities laws. No broker or other fees are payable by the Corporation in connection with entering into of the Debenture. The proceeds of the Debenture will be used to partially fund the Corporation's previously announced transaction to purchase substantially all of the assets of V3 Systems and for sales and marketing, general corporate and working capital purposes.

On March 21, 2014, the Corporation also announced that it has closed its previously announced transaction to acquire all the assets, including patents, trademarks and other intellectual property of V3 Systems, a leader in providing VDI architecture, software and hybrid Desktop-as-a-Service solutions.

As per its press release dated February 11, 2014, the Corporation paid a purchase price of U.S. $9.7 million with $4.0 million in cash (less any amounts received on an interim basis prior to closing) and issued 1,089,867 common shares of the common stock of the Corporation. In addition, V3 Systems shall be entitled to receive an earn-out based on achieving certain milestones in revenue and gross margin of up to a further U.S. $5.0 million (the "**Earn-Out**"), payable at the discretion of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at a 20-day weighted average price calculated at the time(s) the Earn-Out is realized. The Earn-Out is based on a sliding scale of revenue of the V3 Systems business (subject to minimum margin realization), subject to a maximum payment of U.S. $5.0 million upon earn-out revenue of U.S. $12.5 million.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 **Date of Report**

DATED this 25th day of March, 2014.

SCHEDULE "A"

PRESS RELEASE

Sphere 3D Closes U.S. $5 Million Convertible Debt Financing
Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – March 21st, 2014 – Sphere 3D Corporation (TSXV-ANY) (the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today it has completed a financing with FBC Holdings S.A.R.L., an entity whose ultimate shareholders are managed by Cyrus Capital Partners, L.P. (collectively, "**FBC**"), whereby FBC subscribed for a convertible secured debenture of the Corporation in the principal amount of U.S. $5,000,000.

The Debenture matures on March 21, 2018, being the fourth anniversary of the date of issuance, and bears interest at 8% per annum, to be paid semi-annually in arrears, in cash or shares at the option of the Corporation. The Debenture is convertible at any time into common shares in the capital of the Corporation (the "**Conversion Right**") at U.S. $7.50 per share (the "**Conversion Price**"). The Corporation shall have the right to force FBC to convert the Debenture if the trading price of the common shares for 10 successive days in which the shares actually trade on the TSX Venture Exchange (the "**TSXV**") or other principal exchange, exceeds 150% of the Conversion Price.

The Debenture and any common shares issued upon exercise of the Conversion Right are subject to a four-month hold period from the issuance date of the Debenture in accordance with the policies of the TSXV and applicable securities laws. No broker or other fees are payable by the Corporation in connection with entering into of the Debenture. The proceeds of the Debenture will be used to partially fund the Corporation's previously announced transaction to purchase substantially all of the assets of V3 Systems, Inc., and for sales and marketing, general corporate and working capital purposes.

The Debenture and any common shares issued upon exercise of the Conversion Right have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

On March 21, 2014, the Corporation also announced that it has closed its previously announced transaction to acquire all the assets, including patents, trademarks and other intellectual property of V3 Systems, Inc. ("**V3 Systems**"), a leader in providing VDI architecture, software and hybrid Desktop-as-a-Service (DaaS) solutions.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

About Sphere 3D Corporation
Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements
This release contains forward-looking statements, including, without limitation, the use of the net proceeds of the Offering. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

SCHEDULE "B"

PRESS RELEASE

Sphere 3D Completes Acquisition of V3 Systems

Mississauga, Ontario – March 21st, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF) ("Sphere 3D" or the "Company"), a virtualization technology solution provider making it possible for incompatible devices and applications to run over the cloud, today announced that it completed the acquisition of all of the assets and operations of privately held V3 Systems Inc. ("V3"), a leader in providing VDI architecture, software and hybrid Desktop-as-a-Service (DaaS) solutions.

The acquisition includes V3 Desktop Cloud Orchestrator ® ("DCO"), software developed from the ground up to enable the desktop administrator to quickly and efficiently meet the needs for day-to-day management of virtual desktops in a secure, centralized console. DCO provides automatic replication of persistent virtual desktops; enabling a seamless pool movement between V3 Appliances when needed for failover or scheduled maintenance.

V3's Desktop Cloud Computing solution represents a quantum leap in the way desktop virtualization is designed and deployed from a hardware, software and delivery perspective. Customers across a variety of industries, including professional services, healthcare, education, and government, within the United States, Canada and Europe have been using V3's award winning technology since 2010.

"With this asset acquisition now complete, we can focus on finalizing the integration of V3's appliance-based approach with the Glassware 2.0™ platform. This will allow for drop-in deployments of virtual applications to complement V3's drop-in deployment model of full virtual desktops; all at a fraction of the complication, overhead and timelines of traditional VDI or DaaS deployments," said Sphere 3D CEO Peter Tassiopoulos.

The Company further reports that included in the purchased V3 assets is the right to acquire the assets of Celio Technology Corporation ("Celio"). Celio is the creator of the patented REDFLY® series of products, including ScreenSlider mobile technologies. REDFLY® enabled solutions are designed to support mobile computing productivity applications focused on accessing content across mobile computing devices and providing interoperability with remote displays. The Company is currently in the process of completing its due diligence on these assets and additional information relating to Celio will be released in due course.

Sphere 3D will maintain an office in Salt Lake City, Utah and operate V3 under the direction of Ric Lindstrom, President of V3 Systems. The Company is also pleased to report that it has established a demonstration lab, which includes servers that are provisioned with Glassware 2.0™ at this facility in Utah.

The purchased assets acquired include, all software, source code, IP, trademarks, supplier contracts, customer contracts, assignment of all software, hardware and services revenue and other assets that are required to operate the business.

Sphere 3D paid a purchase price of USD $9.7 million in cash and stock with a potential earn-out of up to USD $5 million, subject to various revenue and margin requirements. Additional details can be found in our Press Release of February 11th, 2014. The transaction was negotiated at arms-length and no finder's fees were paid in connection with closing.

The shares issued are subject to resale restrictions of four months and one day as per applicable Canadian securities laws. In addition, the shares issued as part of this transaction are subject to restrictions as per applicable U.S. Securities Act federal and state securities laws.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Email: peter@sphere3d.com

About Sphere 3D Corporation
Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com

About V3 Systems, Inc.
Founded in 2010 and based in Salt Lake City, Utah, V3 is the creator of the Desktop Cloud Orchestrator® virtualization management software which allows administrators to manage local, cloud hosted, or hybrid virtual desktop deployments as well as the V3 Appliances; a series of purpose-built, compact, efficient and easy-to-manage servers. V3 has revolutionized the speed, ease of use, deployment and even the size of the data center required for virtual desktop infrastructure. For additional information visit www.v3sys.com.

Forward-Looking Statements
This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the Company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Execution Copy

ASSET PURCHASE AGREEMENT

BY AND AMONG

V3 SYSTEMS, INC.

V3 SYSTEMS HOLDINGS, INC.

AND

SPHERE 3D CORPORATION

DATED FEBRUARY 11, 2014

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement"), is entered into as of February 11, 2014 (the "Effective Date"), by and among V3 SYSTEMS, INC., a corporation organized under the laws of the State of Nevada ("Seller"), V3 SYSTEMS HOLDINGS, INC., a corporation organized under the laws of the State of Delaware ("Purchaser"), and Sphere 3D Corporation, a company incorporated under the laws of the Province of Ontario ("Sphere 3D"). Sphere 3D, Seller and Purchaser may be each referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. Seller is engaged in the business of developing, marketing and selling next-generation virtual desktop cloud solutions to targeted vertical markets such as government, education and healthcare, including providing software, hardware, thin-clients, implementation, integration, training, support and maintenance services (the "Business").

B. Purchaser wishes to purchase from Seller, and Seller wishes to sell to Purchaser, all of the Purchased Assets, upon the terms and conditions of this Agreement.

AGREEMENT

Accordingly, the Parties, intending to be legally bound, hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1. Definitions. In addition to the terms defined elsewhere herein, the following terms, as used herein, have the following meanings when used herein with initial capital letters:

"Accounts Receivable" means all accounts and notes receivable (including billed and unbilled) of Seller relating to the conduct of the Business, including any Accounts Receivable pledged or otherwise assigned to Purchaser in connection with any Seller Interim Funding Note.

"Affected Employees" has the meaning ascribed to such term in Section 8.10(a) hereof.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with the first Person on or after the Effective Date, and, if such first Person is an individual, any member of the immediate family (including parents, spouse and children) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any Person who is controlled by any such member or trust. For the purposes of this Agreement, "control," when used with respect to any Person, means the possession, directly or indirectly, of the power to (a) vote more than 50% of the securities having ordinary voting power for the election of

directors (or comparable positions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" means this Asset Purchase Agreement, as the same may be amended from time to time in accordance with the terms hereof.

"Ancillary Documents" means the Management Employment Agreement, the Offer Letters and all other instruments, certificates, bills of sale, assignment and assumption agreements, and other agreements, including the assignment of all Intellectual Property Rights of Seller, entered into by Seller and Purchaser in connection with the consummation of the transactions contemplated by this Agreement.

"Assumed Contracts" has the meaning ascribed to such term in Section 2.1(a)(xx) hereof.

"Assumed Liabilities" means all liabilities set forth in Section 3.1, all of which are assumed by Purchaser.

"Assumed Supplier Obligations" means those agreements of Seller specifically set forth in Schedule 3.1, together with a description of the material terms thereof.

"Basket" has the meaning ascribed to such term in Section 10.7(a) hereof.

"Benefit Plan" means an Employee Welfare Benefit Plan or an Employee Pension Benefit Plan or a plan which is both an Employee Welfare Benefit Plan and an Employee Pension Benefit Plan and any other material employee benefit plan, program or arrangement including retirement, pension, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other compensation plan or arrangement or other employee benefit that is maintained or otherwise contributed to, or required to be contributed to, by Seller for the benefit of the Employees and to which Seller has or in the future could have any direct or indirect or contingent liability.

"Business" has the meaning ascribed to such term in Recital A of this Agreement.

"Business Day" means a day that is not a Saturday, Sunday or a day on which commercial banking institutions located in Draper, Utah, USA or Toronto, Ontario, Canada are authorized or required to close.

"Cap" has the meaning ascribed to such term in Section 10.7(b) hereof.

"Capital Stock" means any and all shares, interests, participation or other equivalents (however designated and whether or not voting) of capital stock, including the common stock of such Person.

"Cash Purchase Price" has the meaning ascribed to such term in Section 4.1 hereof.

"Celio IP" means all the Intellectual Property Rights of Celio Technology Corporation to be acquired under the Celio Purchase Agreement.

"Celio Purchase Agreement" means one or more purchase agreements originally between Seller, as purchaser, and Celio Technology Corporation, as seller, relating to the transfer of the Celio IP to the purchaser named therein.

"Closing" means the consummation of the transactions contemplated herein.

"Closing Date" means the date of the Closing, which date shall be the earlier of (a) two (2) Business Days after the satisfaction or waiver of the conditions set forth in Article V (other than those conditions which, by their nature, are to be satisfied at Closing), and (b) the Drop Dead Date.

"Closing Receivables" means all Accounts Receivable as of the Closing Date.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"COGS" has the meaning ascribed to such term in Section 4.3(b)(i) hereof.

"Computer Program" means (i) any and all computer programs (consisting of sets of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result), including, all source code and object code, and related documentation, (ii) all associated data and compilations of data, regardless of their form or embodiment, and (iii) all descriptions, flow charts, documentation and other work product used to design, plan, organize, use, support and develop any of the foregoing.

"Consideration Shares" has the meaning ascribed to such term in Section 7.6 hereof.

"Contracts" means any lease, agreement, contract, commitment or other legally binding contractual right or obligation (whether written or oral) of Seller; provided, however, that notwithstanding the above, Contracts shall not include any of the constituent documents of the Seller.

"Damages" has the meaning ascribed to such term in Section 10.2(a) hereof.

"Direct Claim" has the meaning ascribed to such term in Section 10.3(c) hereof.

"Dispute Representative" has the meaning ascribed to such term in Section 11.8(a) hereof.

"Drop Dead Date" has the meaning ascribed to such term in Section 11.16(b)(i) hereof.

"Earn-Out Amount" has the meaning ascribed to such term in Section 4.3(a) hereof.

"Earn-Out Period" has the meaning ascribed to such term in Section 4.3(a) hereof.

"Earn-Out Revenue" has the meaning ascribed to such term in Section 4.3(b) hereof.

"Earn-Out Share Price" has the meaning ascribed to such term in Section 4.3(d) hereof.

"Earn-Out Shares" has the meaning ascribed to such term in Section 4.3(d) hereof.

"Earn-Out Statement" has the meaning ascribed to such term in Section 4.3(e)(i) hereof.

"Effective Date" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"Employee Pension Benefit Plan" means any plan, fund, or program established or maintained by an employer to provide to employees either (i) retirement income or (ii) income deferral for periods extending to or after termination of covered employment, but excluding both (a) severance pay arrangements and (b) supplemental retirement income payments intended to offset in whole or in part cost of living increases.

"Employee Welfare Benefit Plan" means any plan, fund, or program established or maintained by an employer to provide to participants and their beneficiaries either (i) medical, surgical, or hospital care or benefits, (ii) benefits in the event of sickness, accident, disability, death or unemployment, (iii) vacation benefits, (iv) apprenticeship or training benefits, (v) day care benefits, (vi) educational scholarship benefits, (vii) housing subsidy benefits, (viii) prepaid legal services benefits, or similar benefits.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor thereto.

"Excluded Assets" means those assets of Seller set forth in Schedule 2.2 that are not included with the Purchased Assets.

"Filed Documents" has the meaning ascribed to such term in Section 7.5 hereof. "Final Schedules" has the meaning ascribed to such term in Section 11.17(a).

"Financial Statements" means the balance sheet together with the related statement of income, retained earnings and cash flows of Seller for the period ended December 31, 2013, to be made available or delivered to Purchaser prior to the Closing Date.

"Fixed Assets" means all equipment, computer hardware (including Seller Hardware), printers, telephone switches, photocopiers, servers, third party software (including all Seller Software, desktop software, development tools and software and such other software used in the operation of the Business), supplies, furniture, furnishings, vehicles, brochures, tradeshow booths and other promotional material, and other tangible personal property owned, wherever located that is owned by Seller and used in the conduct of the Business, a complete listing of which is set forth in Schedule 6.15(c).

"GAAP" means U.S. generally accepted accounting principles.

"Governmental Authority" means any domestic or foreign governmental or regulatory agency, authority, bureau, commission, department, official or similar body or instrumentality thereof, or any governmental court, arbitral tribunal or other body administering alternative dispute resolution.

"Hardware Maintenance Contracts" mean all contracts, commitments, and purchase orders between Seller and a customer pursuant to which Seller provides hardware maintenance and support services related to the Business, including those contracts listed in Schedule 6.11.

"Holdback Payment Date" has the meaning ascribed to such term in Section 4.5 hereof.

"Holdback Shares" has the meaning ascribed to such term in Section 4.2(b) hereof.

"Indemnified Party" has the meaning ascribed to such term in Section 10.3(a) hereof.

"Indemnifying Party" has the meaning ascribed to such term in Section 10.3(a) hereof.

"Initial Shares" has the meaning ascribed to such term in Section 4.2(b) hereof.

"Indebtedness" means with respect to any Person, at any date, without duplication, (a) all obligations of such Person for borrowed money, including all principal, interest, premiums, fees, expenses, overdrafts and penalties with respect thereto, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade payables incurred in the Ordinary Course of Business, (d) all obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (e) all obligations of such Person that are required to be classified and accounted for as capital lease obligations under GAAP, together with all obligations to make termination payments under such capitalized lease obligations, (f) all other obligations of a Person which would be required to be shown as indebtedness on a balance sheet of such Person prepared in accordance with GAAP, and (g) all indebtedness of any other Person of the type referred to in clauses (a) to (f) above directly or indirectly guaranteed by such Person or secured by any assets of such Person, whether or not such Indebtedness has been assumed by such Person.

"Intellectual Property Rights" means all of the following: (i) patents, patent applications, patent disclosures and all related continuation, continuation-in-part, divisional, reissue, re-examination, utility, model, certificate of invention and design patents, patent applications, registrations and applications for registrations, (ii) trademarks, service marks, trade dress, logos, trade names, service names and corporate names and registrations and applications for registration thereof, (iii) copyrights and registrations and applications for registration thereof, (iv) mask works and registrations and applications for registration thereof, (v) trade secrets and confidential business information, whether patentable or non-patentable and whether or not reduced to practice, know-how, moral rights, manufacturing and product processes and techniques, research and development information, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, (vi) Computer Programs, (vii) domain names and social media account names; (viii) other proprietary rights relating to any of the foregoing (including associated goodwill and remedies against infringements thereof and rights of protection of an interest therein under the laws of all jurisdictions) and (ix) copies and tangible embodiments thereof.

"Law" means any foreign, federal, state or local statute, law, rule, regulation, ordinance, code, permit, license, policy or rule of common law.

"Liability" has the meaning ascribed to such term in Section 3.1 hereof.

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset. For the purposes of this Agreement, a Person will be deemed to own, subject to a Lien, any property or asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

"Maintenance and Support Contracts" means the Software Maintenance Contracts and Hardware Maintenance Contracts, respectively.

"Management Employment Agreement" means the executive management employment agreement to be entered into at Closing between Purchaser and Eric E. Lindstrom in the form as mutually agreed upon between Purchaser and Mr. Lindstrom.

"Material Adverse Effect" means, with respect to Seller, the result of one or more events, occurrences, changes or effects which, individually or in the aggregate, has had or could be reasonably expected to have a material adverse effect or impact on the business, assets (including intangible assets), results of operations or financial condition of Seller or on Seller's ability to consummate the transactions contemplated hereby; *provided*, *however*, that "Material Adverse Effect" shall not include any event, occurrence, changes or effects, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Business operates; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement; (vi) any changes in applicable Laws or accounting rules, including GAAP; or (vii) the public announcement, pendency or completion of the transactions contemplated by this Agreement. Notwithstanding the foregoing, any event or circumstance which results in Purchaser incurring additional costs, assuming incremental liability or exposure of $100,000 in the aggregate shall constitute a Material Adverse Effect for purposes of this Agreement.

"Mediator" has the meaning ascribed to such term in Section 11.8 hereof.

"Non Assignable Assets" has the meaning ascribed to such term in Section 8.15 hereof.

"Outstanding Objection" has the meaning ascribed to such term in Section 4.3(e)(iii) hereof.

"OEM" has the meaning ascribed to such term in Section 8.15 hereof.

"Offer Letters" means the offer of employment, including confidentiality, ownership of intellectual property, non-solicitation and non-competition provisions, each to be entered into at Closing between Purchaser and those key employees of Seller as reasonably determined by the Purchaser, substantially in the form as reasonably agreed to between Seller and Purchaser.

"Open Customer Contracts" means all written contracts or arrangements between Seller and a customer of the Business which contain deliverables that have not been satisfied in full prior to the Closing Date and are listed in Schedule 6.10.

"Option Plan" has the meaning ascribed to such term in Section 7.8 hereof.

"Order" means any judgment, injunction, judicial or administrative order or decree.

"Ordinary Course of Business" means, with respect to any Person, the ordinary course of business of such Person, consistent in all material respects with such Person's past practice and custom.

"OSV" has the meaning ascribed to such term in Section 8.15 hereof.

"Permit" means any government or regulatory license, authorization, permit, franchise, consent or approval relating to the operation of the Business.

"Person" means an individual, corporation, partnership, limited liability company, joint venture, association, trust or other entity or organization or Governmental Authority.

"Prepaid Expenses" means all prepaid rent, prepaid claims, prepaid insurance premiums (excluding prepaid directors and officers insurance coverage) and other prepaid expense items and credits, advance payments, security and other deposits made by Seller to any other Person relating to the conduct of the Business;

"Purchase Price" has the meaning ascribed to such term in Section 4.1 hereof.

"Purchased Assets" has the meaning ascribed to such term in Section 2.1(a); provided that for purposes of Article VI only, "Purchased Assets" shall exclude the Celio IP and any and all assets acquired by Seller from Celio.

"Purchaser" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"Real Property" has the meaning ascribed to such term in Section 6.15(a) hereof.

"Resale Restricted Period" has the meaning ascribed to such term in Section 4.2(b) hereof.

"Review Period" has the meaning ascribed to such term in Section 4.3(e)(ii) hereof.

"Schedule Supplement" has the meaning ascribed to such term in Section 11.17(b) hereof.

"Seller" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"Seller Hardware" means all appliances, servers, and other hardware owned, designed, developed, licensed or otherwise used by Seller in connection with the operation of its business as currently conducted or proposed to be conducted, including the hardware listed in Schedule 1.1(B).

"Seller Interim Funding Note" means a promissory note from Seller, as maker, for the benefit of Purchaser, as holder, for any loans made by Purchaser to Seller prior to the Closing and secured by a pledge of a security interest in one or more Accounts Receivable, substantially in the form attached hereto as Exhibit C.

"Seller Software" means the Computer Programs owned, designed, developed, licensed or otherwise used by Seller in connection with the operation of its business as currently conducted or proposed to be conducted, including the software listed in Schedule 1.1(C) .

"Service Claim Threshold" has the meaning ascribed to such term in Section 3.2 hereof.

"Service Claim" has the meaning ascribed to such term in Section 8.14(a) hereof.

"Service Claim Threshold" has the meaning ascribed to such term in Section 3.2 hereof.

"Service Claims" has the meaning ascribed to such term in Section 8.14(a) hereof.

"Service Costs" has the meaning ascribed to such term in Section 8.14(a) hereof.

"Service Report" has the meaning ascribed to such term in Section 8.14(c) hereof.

"Service Request" has the meaning ascribed to such term in Section 8.14(b) hereof.

"Software Contracts" has the meaning ascribed to such term in Section 6.17(b) hereof.

"Software Maintenance Contracts" mean all contracts, commitments, and purchase orders between Seller and a customer pursuant to which Seller provides software maintenance and support services related to the Business, including those contracts set forth in Schedule 6.11.

"Special Indemnity Litigation" has the meaning ascribed to such term in Schedule 6.13A.

"Sphere 3D Closing Average Stock Price" has the meaning ascribed to such term in Section 4.2(b) hereof.

"Sphere 3D Financial Statements" has the meaning ascribed to such term in Section 7.5 hereof.

"Stock Purchase Price" has the meaning ascribed to such term in Section 4.1 hereof.

"Subsidiary" means, with respect to any Person, (a) any corporation, more that 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person, directly or indirectly through Subsidiaries, and (b) any partnership, limited liability company, association, joint venture, trust or other entity in which such Person, directly or indirectly through Subsidiaries, is either a general partner, has more than a 50% equity interest at the time or otherwise owns a controlling interest.

"Tax" means (a) any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed by any Taxing Authority, (b) any liability for the payment of any amounts of any of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of such amounts was determined or taken into account with reference to the liability of any other Person, and (c) any liability for the payment of any amounts as a result of being a party to any existing or binding Tax-sharing agreements or arrangements (whether or not written) or with respect to the payment of any amounts of any of the foregoing types as a result of any express or implied obligation to indemnify any other Person with respect to Taxes.

"Tax Return" means all returns, statements, reports and forms (including estimated Tax or information returns) with respect to any Tax.

"Taxing Authority" means any Governmental Authority having jurisdiction over the assessment, determination, collection or other imposition of any Tax.

"Third-Party Claim" means any claim, demand, action, suit or proceeding made or brought by any Person who or which is not a party to this Agreement or who or which is not an Affiliate of any party to this Agreement.

"Transfer" has the meaning ascribed to such term in Section 2.1(a) hereof.

"TSXV" means the TSX Venture Exchange.

"UCC" means the Uniform Commercial Code, as amended from time to time.

"U.S. Securities Act" has the meaning ascribed to such term in Section 6.28(b) hereof.

ARTICLE II

SALE AND PURCHASE OF ASSETS

2.1 Purchased Assets.

(a) Effective as of the Closing, Seller hereby sells, assigns, transfers, conveys and delivers ("Transfer"), free and clear of all Liens (other than Liens as a result of any Seller Interim Funding Note or other action taken or agreement entered into by Sphere 3D or Purchaser in connection with or following the Closing), whether legal or equitable, to Purchaser, and Purchaser hereby purchases and accepts from Seller on the terms and subject to the conditions hereinafter set forth, all of the assets, properties, rights and interests of Seller to the extent existing as of the Closing Date, other than (A) the Excluded Assets and (B) the Contracts (save and except for the Open Customer Contracts, the Maintenance and Support Contracts and the Assumed Contracts which shall be included as Purchased Assets) (all of such Transferred assets, properties, rights and interests being hereinafter collectively referred to as the "Purchased Assets"), including but not limited to, all right, title and interest of Seller in:

(i) all assets, properties, undertaking, rights and interests of the Business with the exception of cash, cash-equivalents and short-term investments of Seller and, in the case of Contracts, as set forth in this Section 2.1(a);

(ii) all Fixed Assets;

(iii) all Seller Hardware, except to the extent that it is disclosed in Schedule 1.1(B) as not being owned by the Seller;

(iv) all raw materials and inventories, wherever located, including inventories of work-in-process, stores and supplies used or held for use by Seller in connection with the conduct of the Business;

(v) all Open Customer Contracts listed in Schedule 6.10, except for the Business Representative Agreement dated February 1, 2013 between Seller and Wiora Software GmbH which shall not be acquired by Purchaser;

(vi) all Maintenance and Support Contracts listed in Schedule 6.11 and included in deferred revenue;

(vii) all Accounts Receivable (the "Closing Receivables");

(viii) all Seller Software, except to the extent that it is disclosed in Schedule 1.1(C) as not being owned by the Seller;

(ix) except as set forth on Schedule 2.2, all Intellectual Property Rights of Seller, including all such rights owned by Seller and embodied in the Seller Hardware and Seller Software and the rights, property and interests set forth or required to be set forth in Schedule 6.17;

(x) all licenses, Permits, registrations, and authorizations used or held for use by Seller in the conduct of the Business, in each case to the extent transferable to Purchaser by their terms or otherwise under applicable law;

(xi) except as described on Schedule 2.2, originals or copies of all data and records of Seller, in electronic and hard copy format (to the extent readily available without undue cost or expense to Seller for the retrieval thereof), relating to the Purchased Assets and the Assumed Liabilities, including all customer and supplier files and lists, sales information, equipment maintenance and warranty information, operating manuals, all correspondence with any customers, suppliers, employees or Governmental Authority, and subject to applicable Laws, all personnel records related to the employees of Seller employed by Purchaser (but, subject to Section 2.1(a)(xii) below, excluding personnel records of employees who are not offered employment by Purchaser), and any other reports, promotional materials, marketing studies, plans and documents prepared by or on behalf of Seller related to the Business, but expressly excluding the corporate records of Seller; provided, further, that Seller may retain and keep a copy of the foregoing for archival purposes;

(xii) the right to all positive covenants and representations of current and former employees of the Seller relating to ownership of Intellectual Property Rights of the Seller, confidentiality, non-solicitation and non-competition, to the extent applicable and transferable;

(xiii) all Prepaid Expenses, other than those identified in Schedule 2.2 as "Excluded Assets";

(xiv) all surety or similar bonds and third-party indemnities (other than insurance policies) where Seller is an indemnified party and the proceeds and coverages afforded thereby, in each case other than to the extent relating to the Excluded Assets;

(xv) all rights of Seller to manufacturers' warranties and indemnities with respect to any Purchased Asset, in each case to the extent transferable to Purchaser by their terms or otherwise under applicable law;

(xvi) the right to use the names set forth in Schedule 2.1(a)(xvi), and all variants thereof;

(xvii) the goodwill of Seller;

(xviii) to the extent transferable, and except for those listed on Schedule 2.2, telephone numbers and facsimile numbers (together with all other similar numbers), electronic mail addresses, domain names and web sites, in each case, used or held for use by Seller in the conduct of the Business;

(xix) all rights of Seller pertaining to any causes of action, lawsuits, judgments, claims, demands, counterclaims, set-offs or defenses Seller may have with respect to the Assumed Liabilities or any of the Purchased Assets, except to the extent relating to or included in the Excluded Assets;

(xx) the Contracts Seller expressly listed and identified on Schedule 2.1(a)(xx), to the extent assignable and transferable (each an "Assumed Contract" and collectively the "Assumed Contracts"); and

(xxi) other than the Excluded Assets, all other assets, properties and rights of every kind and nature owned or held by Seller or in which Seller has an interest on the Closing Date, known or unknown, fixed or unfixed, accrued, absolute, contingent or otherwise, whether or not specifically referred to in this Agreement, that, in each case, relate to the Business.

(b) In confirmation of the foregoing sale, assignment and transfer, Seller and Purchaser will execute and deliver to Purchaser at the Closing such bills of sale, assignment and assumption agreements and other instruments of assignment and assumption and Transfer as Purchaser may reasonably deem necessary or desirable.

2.2 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, the Excluded Assets set forth in Schedule 2.2 are the only assets being retained by Seller and shall not be included in the Purchased Assets.

2.3 Non-Assignable Contracts, Leases and Permits. In the case of any Open Customer Contract, Maintenance and Support Contract, Assumed Contract or Permit that is not by its terms assignable or that require the consent of a third party in connection with the Transfer by Seller, Seller will use its commercially reasonable efforts to obtain or cause to be obtained in writing prior to the Closing Date any consents necessary to convey the benefits thereof. During such period in which the applicable Open Customer Contract, Maintenance and Support Contract, Assumed Contract or Permit is not capable of being assigned to Purchaser due to the failure to obtain any required consent, Seller will use its commercially reasonable efforts make such arrangements as may be reasonably necessary to enable Purchaser to receive all the economic benefits, licenses or counterparty performance under such Open Customer Contract, Maintenance and Support Contract, Assumed Contract or Permit accruing on and after the Closing Date (including through a sub-contracting, sub-licensing, sub-participation or sub-leasing arrangement, or an arrangement under which Seller would enforce such Open Customer Contract, Maintenance and Support Contract, Assumed Contract or Permit for the benefit of Purchaser). If the approval of the other Party to such Open Customer Contract, Maintenance and Support Contract, Assumed Contract or Permit is obtained, such approval will, as between Seller and Purchaser, constitute a confirmation (automatically and without further action of the parties) that such Open Customer Contract, Maintenance and Support Contract, Assumed Contract or Permit is assigned to Purchaser as of the Closing Date, and (automatically and without further action of the parties) that the liabilities with respect to such Open Customer Contract, Maintenance and Support Contract, Assumed Contract or Permit are assumed by Purchaser as of the Closing Date. Notwithstanding any provision in this Section 2.3 to the contrary, Purchaser shall not be deemed to have waived its rights under ARTICLE IX hereof unless and until Purchaser either provides written waivers thereof or elects to proceed to consummate the transactions contemplated by this Agreement at Closing.

ARTICLE III

ASSUMPTION OF LIABILITIES

3.1 Liabilities Assumed by Purchaser. As used in this Agreement, the term “liability” shall mean and include any direct or indirect Indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation, performance requirement or responsibility, fixed or unfixed, contingent, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured. At the Closing, Purchaser (or a Subsidiary or Affiliate of Purchaser designated by Purchaser) will assume and agree to perform and discharge the liabilities of Seller, as of the Closing Date, arising from (collectively, the “Assumed Liabilities”): (i) the Maintenance and Support Contracts; (ii) the Open Customer Contracts, it being understood that Purchaser’s assumed obligations with respect to the Open Customer Contracts shall be limited to the specific period of time or number of man-hours, as the case may be, disclosed by Seller in Schedule 6.10 as being required to complete the outstanding work as of the Closing Date; (iii) the Assumed Contracts; and (iv) the Assumed Supplier Obligations specifically set forth and agreed to be assumed in Schedule 3.1.

3.2 Provision of Maintenance Support to Customers. Without limiting Section 8.14 below, Purchaser agrees to provide support and service in accordance with the terms of the Maintenance and Support Contracts to those customers of the Business who, prior to the Closing Date, entered into a written Maintenance and Support Contract with Seller listed in Schedule 6.11 relating to any Computer Program until the Service Costs (as defined in Section 8.14 below) related to such Maintenance and Support Contracts exceed $200,000 in the aggregate, calculated based on current market hourly rates of the Purchaser charged to customers (the “Service Claim Threshold”).

ARTICLE IV

PURCHASE PRICE AND CLOSING PAYMENTS

4.1 Purchase Price. Subject to the provisions and adjustments provided for in this Section 4.1, Purchaser shall purchase from the Seller and the Seller shall sell to the Purchaser the Purchased Assets for a purchase price equal to and consisting of the following (collectively the "Purchase Price"): (a) Four Million Dollars ($4,000,000) in cash (the "Cash Purchase Price"); (b) shares of the common stock of Sphere 3D having an aggregate value as of the Closing Date determined in accordance with Section 4.2(b) of Five Million Seven Hundred Thousand Dollars ($5,700,000) ("Stock Purchase Price"); and (c) the Earn-Out Amount. The Purchase Price shall be payable in the manner and subject to the adjustments contemplated in Sections 4.2 and 4.5. In addition to the Purchase Price and as additional consideration for its purchase of the Purchased Assets, at the Closing Purchaser shall assume the Assumed Liabilities.

4.2 Payment of the Purchase Price. At the Closing, Purchaser shall pay and satisfy, or cause to be paid and satisfied, the Purchase Price as follows:

(a) Purchaser shall pay the Cash Purchase Price to Seller as follows:

(i) an amount equal to the amount necessary to pay in full as of the Closing all outstanding Seller Interim Funding Notes shall be retained by Purchaser and applied by Purchaser to pay in full on behalf of Seller all Seller Interim Funding Notes such that as of the Closing all Seller Interim Funding Notes shall be deemed paid in full and terminated, and upon such payment, Purchaser shall promptly deliver to Seller any and all Seller Interim Funding Notes for cancellation; and

(ii) the balance of the Cash Purchase Price after payment of the Seller Interim Funding Notes pursuant to Section 4.2(a)(i) and after reduction of the initial deposit of $50,000 paid to the Seller on or about December 4, 2013 shall be paid to Seller in cash in immediately available funds by wire transfer (pursuant to the instructions set forth on Schedule 4.2) to Seller, or as otherwise directed in writing by Seller.

(b) Purchaser shall pay the Stock Purchase Price to Seller by causing Sphere 3D, and Sphere 3D hereby expressly agrees, to directly issue to Seller on behalf of Purchaser on the Closing Date 1,089,867 shares of common stock of Sphere 3D (the "Initial Shares"), being an amount equal to the Stock Purchase Price divided by the Sphere 3D Closing Average Stock Price, where the "Sphere 3D Closing Average Stock Price" shall be equal to FIVE DOLLARS AND 50/100 CANADIAN DOLLARS (C$5.50) or FIVE DOLLARS AND 23/100 U.S. DOLLARS (US$5.23) (i.e. foreign exchange is based on $1.00 U.S. = C$0.9511), which is calculated as the twenty (20) trading day weighted average closing market price of common stock of Sphere 3D as quoted on the TSXV (or such other stock exchange or quotation system where the majority of its common shares trade) for the period ending December 4, 2013. All such Initial Shares shall contain an appropriate legend in accordance with the provisions of the *Securities Act* (Ontario) restricting the resale of the Initial Shares for a period of four (4) months plus one (1) day from the Closing Date, and any additional restrictions as may be required per applicable United States securities laws or otherwise ("Resale Restricted Period"). In addition to such *Securities Act* restrictions on resale, Purchaser agrees that it will not convey or otherwise transfer ownership of any of the Initial Shares to any Person during the period from the Closing Date to December 31, 2014 without the prior written consent of Purchaser; provided, however, that the transfer restrictions in this sentence shall not act to and shall not be interpreted to restrict Seller from selling any of the Initial Shares through the stock exchange or pledging any of the Initial Shares as collateral security at any time after the end of the Resale Restricted Period. Notwithstanding the provisions of this Section 4.2(b), at the Closing Purchaser shall holdback and retain a number of the Initial Shares equal to Five Hundred Thousand Dollars ($500,000) in the aggregate, rounded up to the nearest full share of common stock, based upon the Sphere 3D Closing Average Stock Price to be held in trust for Seller and to be paid and transferred to Seller subject to any required adjustment pursuant to and in accordance with Section 4.5 hereof (the "Holdback Shares"); and

(c) Purchaser shall pay the Earn-Out Amount pursuant to Section 4.3.

4.3 Earn-Out Amounts and Procedures.

(a) Earn-Out Amounts. As additional consideration and a component of the Purchase Price, upon the Business earning or otherwise receiving at any time during the period commencing on the Closing Date and ending on the fifteenth (15th) month anniversary of the Closing Date inclusive (the "Earn-Out Period") the Earn-Out Revenue amounts set forth in this Section 4.3, the Seller shall be entitled to receive, and the Purchaser shall pay to Seller earn-out amounts, if any, and not to exceed Five Million Dollars ($5,000,000) in the aggregate, equal to the following (each such earn-out payment referred to individually or collectively as the context may denote as the "Earn-Out Amount"):

(i) One Million Two Hundred Fifty Thousand Dollars ($1,250,000) upon the Business achieving Earn-Out Revenue equal to at least Five Million Dollars ($5,000,000) during the Earn-Out Period;

(ii) An additional One Million Two Hundred Fifty Thousand Dollars ($1,250,000) upon the Business achieving, in the aggregate, Earn-Out Revenue equal to at least Seven Million Five Hundred Thousand Dollars ($7,500,000) during the Earn-Out Period;

(iii) An additional One Million Two Hundred Fifty Thousand Dollars ($1,250,000) upon the Business achieving, in the aggregate, Earn-Out Revenue equal to at least Ten Million Dollars ($10,000,000) during the Earn-Out Period; and

(iv) An additional One Million Two Hundred Fifty Thousand Dollars ($1,250,000) upon the Business achieving, in the aggregate, Earn-Out Revenue equal to at least Twelve Million Five Hundred Thousand Dollars ($12,500,000) during the Earn-Out Period.

For purposes of clarity, if Earn-Out Revenue is $5,000,001 as of the end of the sixth month period following the Closing Date, then the threshold set forth in Section 4.3(a)(i) shall have been satisfied and Purchaser shall be obligated to pay Seller $1,250,000 consistent with the payment requirements of this Section 4.3. For further purposes of clarity, if Earn-Out Revenue is $7,500,001 as of the end of the Earn-Out Period, then the threshold set forth in Section 4.3(a)(ii) shall have been satisfied and Purchaser shall pay Seller $1,250,000 consistent with the payment requirements of this Section 4.3, and no Earn-Out Amounts with respect to the thresholds set forth in Sections 4.3(a)(iii) or (iv) shall be owed or paid.

(b) Defined Terms Related to Earn-Out Calculation. The following terms shall have the following definitions ascribed to them contained herein:

(i) "COGS" means all material and labor costs, freight, shipping and handling, and overhead costs in accordance with GAAP.

(ii) **"**Earn-Out Revenue**"** means for purposes of this Agreement and calculating the amount of Earn-Out Revenue in accordance with the terms of Section 4.3 of this Agreement, an amount equal to the sum of the following:

a. All Net Revenue earned during the Earn-Out Period that is non- cancellable or non-returnable with respect to transactions (e.g. product sales, installation services, etc.) where the Margin Percentage exceeds the Minimum Margin Percentage; plus

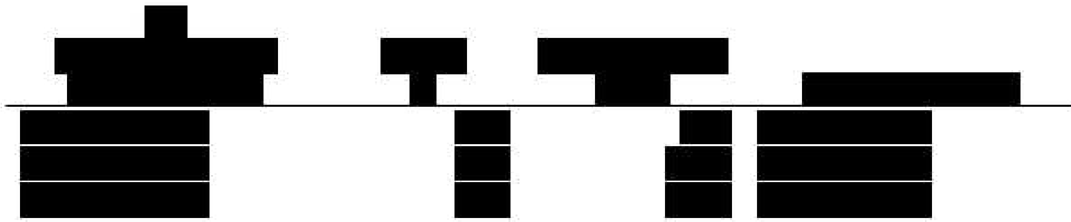
b. Hosted Services Revenue where the Margin Percentage exceeds the Minimum Margin Percentage; plus

c. With respect to transactions where the Net Revenue or Hosted Service Revenue earned during the Earn-Out Period has a Margin Percentage that is less than the Minimum Margin Percentage, an amount equal to the product of (1) [redacted]

and (2) the Net Revenue or Hosted Service Revenue, as the case may be and as such calculation is reflected by the following formula and example:

[redacted]

The below example is for greater clarity:



(iii) "Hosted Service Revenue" means to the extent not already included as Earn-Out Revenue, the net present value (calculated at an annualized ■■■ discount rate) of all "software as a service" or SaaS, "desktop as a service" or DaaS or other hosted service sales agreements of the Business entered into during the Earn-Out Period that is non-cancellable or non-returnable.

(iv) "Margin Percentage" means the quotient of (A) Net Revenue minus COGS, over (B) Net Revenue, expressed as a percentage.

(v) "Minimum Margin Percentage" means ■■■■■■■■■■■■■■■

(vi) "Net Revenue" means the net revenue of the Business as operated by Sphere 3D and Purchaser after the Closing as accrued and determined consistent with the V3 Revenue Recognition Policy and in accordance with GAAP.

(vii) "V3 Revenue Recognition Policy" means the Revenue Recognition Policy of Seller dated May 1, 2011, a copy of which is appended as Schedule 4.3 to this Agreement.

(c) Certain Post-closing Obligations of Purchaser. Subject to the terms and conditions of the Purchase Agreement, Purchaser shall not, directly or indirectly, intentionally or purposefully take any actions that would have the purpose of avoiding or reducing any of the Earn-Out Payments. Without limiting or modifying Purchaser's obligations under Section 4.3 of this Agreement, Purchaser and Sphere 3D agrees to the following during the Earn-Out Period:

(i) expend, pay and be responsible for the monthly burn rate costs and expenses to operate the Business in the manner consistent with the covenants of the Parties in this Section 4.3, including payment of COGS, overhead, direct payroll, depreciation, amortization, commissions, tax, interest and other sales, general and administrative expenses of the Business as operated by Purchaser or Sphere 3D in the Ordinary Course of Business in all material respects; and

(ii) provide the Business with reasonable access to the personnel, sales force, equipment and other assets of 3D as may be reasonably required to achieve the maximum Earn-Out Amount payable under this Agreement, which amounts, if requested by Seller, shall be applied towards COGS.

(d) Payment of Earn-Out Amounts. Each Earn-Out Amount shall be payable, on the earlier of the date the corresponding Earn-Out Revenue target reflected in Section 4.3(a) has been realized or the date that is 60 days following the expiration of the Earn-Out Period, by issuance of common shares of Sphere 3D (the "Earn-Out Shares") at an ascribed price equal to either (i) the twenty (20) trading day weighted average closing market price of common stock of Sphere 3D as quoted on the TSXV (or such other stock exchange or quotation system where the majority of its common shares trade) for the period ending on the date the Earn-Out Amount was achieved ("Earn-Out Share Price") or (ii) at the sole option of the Purchaser, the Purchaser can elect to pay all or any part of the Earn-Out Amount in cash; provided, however, that any undisputed adjustments or set-offs for uncollected Earn-Out Revenue as determined in accordance with Section 4.3 shall first be deducted from the immediately following Earn-Out Amount due and payable and then as against the Holdback Shares; and, provided further, any and all of Purchaser's rights to make adjustments or set-offs in accordance with Section 4.3 shall cease and terminate upon payment of the final Earn-Out Amount (net of all applicable undisputed setoffs or adjustments relating to previously paid Earn-Out Amounts).

(e) Earn-Out Statements and Seller Right to Review.

(i) Purchaser shall prepare and deliver to Seller within thirty (30) days after the end of each calendar month during the Earn-Out Period a monthly statements of Earn-Out Revenue for purposes hereof (the "Earn-Out Statement"). Purchaser shall provide Seller and its representatives with reasonable access to the relevant books and records of Purchaser (including work papers prepared by Purchaser or Sphere 3D or any of their Affiliates in-house and outside accountants) relating to the Purchaser's calculation of the Earn-Out Amount and to Purchaser's relevant personnel as Seller may reasonably request for the purpose of reviewing such calculations and confirming compliance with Section 4.3. If after the date that is thirty (30) days after Seller has received the Earn-Out Statement for the last full or partial calendar month of the Earn-Out Period (the "Review Period") Seller objects to Purchaser's determination of the calculation of the Earn-Out Amount, Seller shall notify Purchaser of such objection by delivering to Purchaser a written statement setting forth Seller's objections in reasonable detail. To the extent Seller fails to deliver any objections prior the expiration of the Review Period, the amount of any Earn-Out Amount (or any determination that none is payable) contained in the Earn-Out Statement shall be deemed to have been accepted by Seller. If Seller delivers objections before the expiration of the Review Period, Purchaser and Seller shall negotiate in good faith to resolve the objections stated therein within thirty (30) days after the date of delivery to Purchaser of such objections, and, if the same are so resolved within such period, the determination of the amount for any Earn-Out Amount contained in such Earn-Out Statement, with such changes as are agreed to in writing between Purchaser and Seller, shall be final and binding on the Parties.

(ii) If Purchaser and Seller fail within the 30 day resolution period to reach an agreement with respect to all of the objections set forth in any notice of

objections by Seller, then the objections of Seller that remain unresolved, to the extent such unresolved matters are of an accounting nature, (the "Outstanding Objections") shall be submitted for resolution to an independent accountant mutually acceptable to the Purchaser and Seller, who acting as expert and not arbitrator, shall resolve the Outstanding Objections and, based on such resolutions, shall make applicable adjustments to the determination of the Earn-Out Amount contained in the Earn-Out Statement that is subject of the Outstanding Objections. Any such resolution shall be binding on the Parties. Purchaser and Seller shall each be responsible for 50% of the fees of such independent accountant, which fees shall not exceed $20,000. To the extent such Outstanding Objections are of a non-accounting nature, then the matter shall be settled in accordance with the Dispute Resolution procedures set forth in Section 11.8,

(iii) Following the Closing Date and until at least the expiration of the Earn-Out Period, Purchaser shall (1) maintain separate accounting measures for the Business or product line, as applicable, such that the Earn-Out Revenue can be calculated as set forth herein, (2) maintain the Business or product line, as applicable, as an independent stand-alone business unit to be operated by Eric Lindstrom (or his successor) in accordance with, in all material respects, Section 4.3, and (3) provide the Business with the budgetary and personnel resources described in Section 4.3, it being understood that, subject to the foregoing, Purchaser will have sole discretion in operating the Business from and after the Closing and does not have any express or implied obligations to generate any minimum level of Earn-Out Revenue or to maximize the Earn-Out Revenue. Notwithstanding the foregoing, none of Purchaser and Sphere 3D, and each of their respective Affiliates or successors, will take any action the principal purpose of which is to reduce the amount of the Earn-Out Amount to be paid to Seller, or the operational ability of the Business to achieve the maximum Earn-Out Revenue. Upon any breach by Purchaser or Sphere 3D of the post-Closing obligations of the Purchaser set forth in Section 4.3, and the failure of Purchaser or Sphere 3D to cure such breach within thirty (30) days after the earlier of Purchaser or Sphere 3D becoming aware of such breach or written notice from Seller of such breach, and provided Seller is not in material breach of the representations and covenants set forth in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.8, 6.10, 6.11, 6.13, 6.14, 6.15(a), 6.15 (c), 6.16, 6.17, 6.18, 6.22, 6.23, 6.24 and 6.26 this Agreement, and failed to cure such breach within thirty (30) days after the earlier of Seller becoming aware of such breach or written notice from Purchaser Seller of such breach, then the Seller shall be deemed to have fully earned and achieved the maximum amount of the Earn-Out Amount the same as if during the Earn-Out Period the Business had achieved Earn-Out Revenue equal to, in the aggregate, at least Twelve Million Five Hundred Thousand Dollars ($12,500,000); provided, however, Seller acknowledges and agrees that Purchaser's or Sphere 3D's termination of Eric Lindstrom for "Cause" in the Management Employment Agreement shall not be a breach of Sphere 3D's or Purchaser's obligations under this Section 4.3(e)(iii).

(f) Earn-Out Shares. All certificates representing such Earn-Out Shares may contain an appropriate legend in accordance with the provisions of the *Securities Act* (Ontario) restricting the resale of the Earn-Out Shares for a period of 4 months plus 1 day from the date of issuance and any additional restrictions as may be required per applicable United States securities laws or otherwise. Upon the expiration of such period, Seller may exchange such certificates with the transfer agent of Sphere 3D for new share certificates that do not contain such legend.

4.4 Allocation of Purchase Price. Purchaser and Seller agree that (i) the sum of the aggregate Purchase Price plus the Assumed Liabilities will be allocated among the Purchased Assets, consistent with the estimated fair market value negotiated by the parties, as set forth in Exhibit A, as will be jointly prepared by Seller and Purchaser prior to the Closing Date, which will be amended as required to reflect any changes in the Purchase Price in accordance with Section 10.4, (ii) they will file all Tax returns and related forms in accordance with Exhibit A and (iii) will not make any statement or take any position inconsistent with the allocation arrived at in accordance with this Section 4.4. Without limiting the foregoing, the Earn-Out Amount shall be allocated as a Class VII asset (going concern value and goodwill) under Form 8594 (or any successor form).

4.5 Adjustment and Payment of the Holdback Shares. Purchaser shall pay the Holdback Shares to Seller (or as otherwise directed in writing by Seller), without interest, by transfer no later than ten (10) Business Days following the expiration of the Earn-Out Period (the "Holdback Payment Date"), subject to adjustment as follows:

(a) less the aggregate amount (calculated based upon the Sphere 3D Closing Average Stock Price) of any Closing Receivable that remains uncollected as of the Holdback Payment Date, if any; and

(b) less the aggregate amount (calculated based upon the Sphere 3D Closing Average Stock Price) equal to the sum of (i) any pending claims for Damages by Purchaser against Seller pursuant to the terms of and procedures set forth in Article X and for which notice of such claim for Damages has been received by Seller, and (ii) any Damages finally determined to be unpaid but due and payable to Purchaser from Seller under Article X.

With respect to clause 4.5(b)(i) above, Purchaser shall promptly remit the applicable portion of the Holdback Shares retained by Purchaser under such clause immediately following the resolution or adjudication of such claim in favor of Seller.

ARTICLE V

CLOSING AND CLOSING DELIVERIES

5.1 The Closing. The Closing shall take place at the offices of Meretsky Law Firm, 121 King Street West, Suite 2150, Toronto, Ontario M5H 3T9 at 10:00 a.m. (Toronto Time) on the Closing Date, or such other date, time and location as may be agreed upon by the Parties. By agreement of the Parties, the Closing may take place by electronic and facsimile exchange of documents.

5.2 Deliveries of Seller. At the Closing, Seller will deliver or cause to be delivered to Purchaser:

(a) such instruments of assignment, assumption and Transfer as Purchaser may deem necessary or desirable to Transfer any of the Purchased Assets, duly executed by Seller;

(b) a certificate of an officer of Seller certifying as to Seller's Certificate of Incorporation, Bylaws or other comparable documents and to the due adoption of resolutions adopted by its Board of Directors authorizing the execution of this Agreement and each Ancillary Document to which it will be a party at Closing and the taking of any and all actions deemed necessary or advisable to consummate the transactions contemplated herein and therein;

(c) evidence or copies of any consents, approvals, orders, qualifications or waivers required under Section 9.1(g) by any third party or Governmental Authority to consummate the transactions contemplated by this Agreement;

(d) each Ancillary Document required to be duly executed and delivered by parties other than Purchaser or its Affiliates;

(e) evidence of the documents required under Section 9.1(m). Seller covenants and agrees to cause that all financing statements evidencing such released Liens are terminated within ten (10) Business Days following the Closing Date;

(f) a copy of all source code of Seller Software and all documentation in Seller's possession that describes, embodies or is necessary to commercially exploit Seller Hardware, Seller Software or other Intellectual Property Rights of Seller included in the Purchased Assets; and

(g) such other documents and instruments required to be delivered as a condition precedent under Section 9.1 below or as may be reasonably required to consummate the transactions contemplated by this Agreement and the Ancillary Documents and to comply with the terms hereof and thereof.

5.3 Deliveries by Purchaser. At the Closing, Purchaser will deliver or cause to be delivered:

(a) a certificate of an officer of Purchaser to Seller certifying as to Purchaser's Certificate of Incorporation, Bylaws or other comparable documents and to the due adoption of resolutions adopted by its Board of Directors authorizing the execution of this Agreement (including the issuance of the Initial Shares) and each Ancillary Document to which it will be a party at Closing and the taking of any and all actions deemed necessary or advisable to consummate the transactions contemplated herein and therein;

(b) such instruments of assumption for the as Seller may deem necessary or desirable, duly executed by Purchaser to Seller;

(c) each Ancillary Document required to be duly executed and delivered by Purchaser or its Affiliates to Seller; and

(d) such other documents and instruments as required to be delivered as a condition precedent under Section 9.2 or as may be reasonably required to consummate the transactions contemplated by this Agreement and the Ancillary Documents and to comply with the terms hereof and thereof.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser as of the Closing Date as follows:

6.1 Corporate Existence and Power. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nevada. Seller is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect. Seller has heretofore delivered to Purchaser true and complete copies of the Articles of Incorporation and Bylaws of Seller, in each case as amended to date.

6.2 Corporate Authorization; Enforceability. The execution, delivery and performance by Seller of this Agreement and each of the Ancillary Documents are within Seller’s corporate powers and have been duly authorized by the Board of Directors of Seller and have been duly authorized by the shareholders of Seller and no other corporate action on the part of Seller is necessary to authorize the execution, delivery and performance of this Agreement or any of the Ancillary Documents. This Agreement and each of the Ancillary Documents have been duly executed and delivered by Seller and constitute valid and binding agreements of Seller, enforceable against Seller in accordance with their terms, except to the extent that their enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors’ rights generally and by general equitable principles (regardless whether such enforceability is considered in a proceeding in equity or at law).

6.3 Governmental Authorization. Except as set forth on Schedule 6.3, the execution, delivery and performance by Seller of this Agreement and each Ancillary Document require no consent, approval, order, authorization or action by or in respect of, or filing with, any Governmental Authority.

6.4 Non-Contravention; Consents. Except as disclosed in Schedule 6.4, the execution, delivery and performance by Seller of this Agreement and each Ancillary Document do not and will not at the Closing (a) violate the Articles of Incorporation or Bylaws of Seller, (b) violate in any material respect any applicable Law or Order, (c) subject to obtaining (or waiver of) the consents delivered by Seller as required under this Agreement, require any consent or approval of, or the giving of any notice to, any Person (including filings, consents or approvals required under any Permits of Seller or any licenses to which Seller is a party), (d) result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Seller or to a loss of any benefit to which Seller is entitled under, any Contract, agreement or other instrument binding upon Seller or any license, franchise, Permit or other similar authorization held by Seller in a manner which, individually or in the aggregate, would have a Material Adverse Effect, or (e) result in the creation or imposition of any Lien on any asset of Seller (excluding the restrictions of transfer of the Initial Shares or as a result of any action taken or agreement entered into by Sphere 3D or Purchaser in connection with or following the Closing), including the Purchased Assets.

6.5 Subsidiaries. Seller does not own any Capital Stock or other equity or ownership or proprietary interest in any corporation, partnership, association, trust, joint venture or other entity.

6.6 Financial Statements.

(a) Except as set forth therein or in the notes thereto, the Financial Statements have been derived from the books and records of Seller, have been prepared on a consistent basis throughout the periods covered thereby and fairly present in all material respects the financial position and the results of operation, changes in shareholders' equity and cash flow of Seller at the respective dates thereof and the results of the operations and cash flows of Seller for the periods indicated.

(b) The books of account, minute books, stock record books and other financial records of Seller have been made available to Purchaser for its review.

6.7 Tax Matters.

(a) All Tax Returns required to be filed by or on behalf of Seller with any Taxing Authority with respect to any Taxes relating to any period prior to the Closing have, to the extent required to be filed (including applicable extensions) on or before the date hereof, been filed when due in accordance with all applicable Laws, and all Taxes owed by Seller (whether or not shown as due and payable on the Tax Returns that have been filed) have been timely paid or withheld (including withholding for independent contractors, consultants and other employees) and remitted to the appropriate Taxing Authority, except where (i) the failure to file any such Tax Return or to pay or withhold any such Tax could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (ii) such Taxes are not yet due and payable;

(b) All such Tax Returns were true, complete and correct in all material respects. Seller has made adequate provision for Taxes in the Financial Statements and in its accounting records in accordance with GAAP. No current liability for Taxes has been incurred by Seller other than in the Ordinary Course of Business. Seller has not received notice of any pending or threatened action that could result in a liability for Taxes in excess of those shown in the Financial Statements;

(c) Seller has not been granted any extension or waiver of the statute of limitations period applicable to any Tax Return, which period (after giving effect to such extension or waiver) has not yet expired;

(d) There is no action, suit, proceeding, audit or investigation pending or, to the knowledge of Seller, threatened against or with respect to Seller in respect of any Tax nor has Seller received notice from the Internal Revenue Service or any other Taxation Authority that it has commenced or intends to commence an audit with respect to any Tax. No claim has been made in writing by any Taxing Authority in any jurisdiction in which Seller does not file a Tax Return that it is or may be subject to taxation by that jurisdiction and no such claim exists which has not been resolved by a determination by such Taxing Authority that Seller is not so subject to taxation; and

(e) There are no Liens for Taxes upon the assets of the Seller, including the Purchased Assets other than Liens arising from the tax situation of Purchaser as a result of the sale of the Purchased Assets hereunder.

6.8 Absence of Certain Changes; No Default.

(a) Except as disclosed in Schedule 6.8, since December 31, 2013, there has not been:

(i) any change in the financial condition, results of operations, assets, business of the Business that has had or could reasonably be expected to have a Material Adverse Effect;

(ii) any damage, destruction or loss to any of the Purchased Assets, whether or not covered by insurance, that has had or could reasonably be expected to have a Material Adverse Effect;

(iii) any sale, license or transfer of any of the assets of Seller that relate to the Business, except sales in the Ordinary Course of Business;

(iv) any commitment, relating to the Business, by Seller to any capital expenditure to be paid after the Closing in excess of $2,500 for any individual commitment or $5,000 in the aggregate;

(v) any material change in accounting policies or practices, or in tax elections that relate to the Business;

(vi) any entering into contracts or commitments, relating to the Business, and in either case having a term of more than 3 months, by Seller to be performed after the Closing Date;

(vii) any failure to operate the Business in the Ordinary Course of Business consistent with past practice;

(viii) any increase in, or commitment to increase, the compensation payable or to become payable to any of Seller's employees or any bonus payment or similar arrangement made to or with any of Seller's employees (other than standard annual upward adjustments not to exceed 10% per annum, except as otherwise disclosed in Schedule 6.8);

(ix) any adoption of a plan or agreement or material amendment to any plan or agreement providing any new or additional fringe benefits to any of Seller's employees that work primarily for the Business;

(x) any material alteration in the manner of keeping Seller's books, accounts or financial records that relate to the Business;

(xi) any transaction with any Affiliate of Seller that relates to the Business;

(xii) any Liens or claims placed upon the Purchased Assets;

(xiii) any Material Adverse Change in Seller's relationship with any customer or supplier that relates to the Business;

(xiv) any material transaction entered into by Seller not in the Ordinary Course of Business that relates to the Business (other than the transactions contemplated herein or in the other Ancillary Documents);

(xv) any material amendment, modification or termination of any material Contract that relates to the Business; and

(xvi) any discontinued product lines, or material decline in sales to or revenues from any material customer that relates to the Business.

(b) Except as disclosed in Schedule 6.8, Seller is not in default with respect to any Assumed Liabilities and all such liabilities reflected in the Financial Statements, subject to adjustment as provided herein, and such liabilities incurred or accrued subsequent to the Closing Date have been, or are being, paid or discharged as they become due, and all such liabilities were incurred in the Ordinary Course of Business.

6.9 Contracts.

(a) Except as specifically disclosed in Schedule 6.9(a), Seller is not currently party to any Contract that is of a type described below:

(i) any lease (whether of real or personal property) providing for annual rentals of $1,000 or more, other than the real property lease agreement between Seller and the landlord applicable thereto for the business property located at 12159 S. Business Park Drive, Draper, Utah, USA;

(ii) any agreement for the purchase of materials, supplies, goods, services, equipment or their assets that provide for aggregate payments by Seller of $5,000 or more;

(iii) any sales, distribution or other similar agreement providing for the sale by Seller of materials, supplies, goods, services, equipment or other assets that provides for aggregate payments to Seller of $5,000 or more in the prior two (2) years;

(iv) any partnership, joint venture or other similar agreement or arrangement;

(v) any Contract pursuant to which any third party has rights to own or use any material asset of Seller, including any Intellectual Property Right of Seller (except in the case of licensing arrangements for Seller Software to customers in the Ordinary Course of Business);

(vi) any agreement relating to the acquisition or disposition of the Business or part thereof (whether by merger, sale of stock, sale of assets or otherwise) or granting to any Person a right of first refusal, first offer or other right to purchase any of the Purchased Assets;

(vii) any license, franchise or similar agreement (other than licenses for shrink-wrap or off-the-shelf third party software);

(viii) any agency, dealer, sales representative, marketing or value-added reseller or similar agreement;

(ix) any maintenance, support, enhancement or similar agreement unless otherwise set forth on Schedule 6.11 (Maintenance and Support Contracts);

(x) any agreement that limits the freedom of Seller to compete in any line of business, geographic area or with any Person that would so limit the freedom of Purchaser after the Closing Date;

(xi) any agreement with (A) any shareholder of Seller or any other Affiliate of Seller, or (B) any director or officer of Seller or with any associate or any member of the immediate family of any such director or officer;

(xii) any employment, deferred compensation, severance, bonus, retirement, other benefit or other similar agreement or plan in effect as of the Closing Date and entered into or adopted by Seller, unless otherwise set forth on Schedule 6.20; or

(xiii) any other agreement, commitment, arrangement or plan relating to the Business or Purchased Assets not made in the Ordinary Course of Business of Seller.

(b) Except as disclosed in Schedule 6.9(b):

(i) true and complete originals or copies of all Contracts disclosed in or required to be disclosed in Schedule 6.9(a) have been delivered or made available to Purchaser; (ii) all Contracts are assignable in the Ordinary Course of Business to Seller by Purchaser;

(iii) since December 31, 2012, no material customer has cancelled, terminated or otherwise materially altered, or to best knowledge of Seller, has any no reason to believe that there will be any such change as a result of the transactions contemplated by this Agreement;

(iv) all Contracts are valid and binding agreements of Seller and, to the knowledge of Seller, each other party thereto, enforceable in accordance with their respective terms, except to the extent that their enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles;

(v) all Contracts are in full force and effect and no material default or breach exists in respect thereof on the part of Seller, and to the knowledge of Seller, any of the parties thereto and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach;

(vi) there is no event, occurrence, condition or act which, with the giving of notice or the passage of time or both, or the happening of any other event or condition, would become a material event or default or event of default under any such Contract (including a provision which permits the termination of such Contract upon a change of control of ownership of the Seller, the Business or the Purchased Assets);

(vii) no Contract contains any conditions requiring Seller to return any deposits or payments received on account;

(viii) no Contract contains any penalty provisions, refund rights or similar provisions;

(ix) no Contract shall require the Seller to incur costs (to be calculated based on the hourly rate charged by the Seller for third party work) and expenses to complete said Contract in excess of the total outstanding amounts that remain payable as of the Closing Date by the customer under the terms of said Contract; and

(x) all contracts are assignable in the Ordinary Course of Business by Seller to Purchaser.

The foregoing representations and warranties shall not apply to Software Contracts (as defined below) or Contracts relating to Hardware, which are dealt exclusively under Section 6.17 below.

6.10 Open Customer Contracts. Set forth in Schedule 6.10 is a true and complete listing of all Open Customer Contracts, a description of the outstanding work to be completed, and the amount of time in hours required to complete such outstanding work.

6.11 Maintenance and Support Contracts.

(a) Software Maintenance Contracts. A true and complete list of all Software Maintenance Contracts (including the dates that amounts are due and any renewal dates thereof) for which Seller has an obligation to provide services and has received payment in respect thereof, to any customer of the Business is set forth in Schedule 6.11. Except as indicated in Schedule 6.11, each of the Software Maintenance Contracts:

(i) is in good standing and in full force and effect and no material default or breach exists in respect thereof on the part of any of the parties thereto and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach;

(ii) does not extend past a term of twelve (12) months from the Closing Date;

(iii) does not require that personnel of Seller be located onsite at customer's office, unless additional time and materials charges apply pursuant to the terms thereof;

(iv) is a valid and binding agreement of Seller and, to the knowledge of Seller, each other party thereto, enforceable in accordance with their respective terms, except to the extent that their enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles;

(v) has not been cancelled, terminated or otherwise materially altered nor, to the Seller's knowledge, has any customer notified Seller of any intention to cancel, terminate or materially alter, its relationship with Seller and Seller has no knowledge that there will be any such change as a result of the transactions contemplated by this Agreement;

(vi) no amounts are currently owing to any third party in respect of the provision of such maintenance and support services;

(vii) except as described in Schedule 6.11, does not contain any penalty provisions, refund rights or similar provisions; and

(viii) is assignable in the Ordinary Course of Business by Seller to Purchaser.

(b) Hardware Maintenance Contracts. A true and complete list of all Hardware Maintenance Contracts (including the dates that amounts are due and any renewal dates thereof) for which Seller has an obligation to provide services and has received payment in respect thereof, to any customer of the Business is set forth in Schedule 6.11. Except as indicated in Schedule 6.11, each of the Hardware Maintenance Contracts:

(i) is in good standing and in full force and effect and no material default or breach exists in respect thereof on the part of any of the parties thereto and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach;

(ii) does not extend past a term of twelve (12) months from the Closing Date;

(iii) does not require that personnel of Seller be located onsite at customer's office, unless additional time and materials charges apply;

(iv) is a valid and binding agreement of Seller and, to the knowledge of Seller, each other party thereto, enforceable in accordance with their respective terms, except to the extent that their enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles;

(v) has not been cancelled, terminated or otherwise materially altered nor, to the best of Seller's knowledge, has any customer notified Seller of any intention to cancel, terminate or materially alter, its relationship with Seller and Seller has no reason to believe that there will be any such change as a result of the transactions contemplated by this Agreement;

(vi) no amounts are currently owing to any third party in respect of the provision of such maintenance and support services;

(vii) except as described in Schedule 6.11, does not contain any penalty provisions, refund rights or similar provisions; and

(viii) is assignable in the Ordinary Course of Business by Seller to Purchaser.

6.12 Insurance Coverage. Schedule 6.12 contains a list of all of the insurance policies and fidelity bonds covering the Purchased Assets, Business, operations, employees, officers and directors of Seller. There is no material claim by Seller pending under any of such policies or bonds as to which coverage has been denied by the underwriters of such policies or bonds. All premiums due and payable under all such policies and bonds have been paid. Except as set forth in Schedule 6.12, such policies of insurance and bonds (or other policies and bonds providing substantially similar insurance coverage) are in full force and effect and are of the type and in amounts deemed by the management of Seller to be sufficient in light of the business of Seller. Seller has no knowledge of any threatened termination of, or premium increase with respect to, any of such policies or bonds currently in effect. Since the last renewal date of any insurance policy, there has not been any material adverse change in the relationship of Seller with its respective insurers or the premiums payable pursuant to such policies.

6.13 Litigation. Except as disclosed in Schedule 6.13, there is no action, suit, arbitration or administrative or other proceeding pending or, to the knowledge of Seller, threatened against Seller or its properties or assets, including the Purchased Assets, or any investigations, before any court or arbitrator or any Governmental Authority which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement and the Ancillary Documents to which Seller will be a party at Closing. Seller does not know or have any knowledge of any valid basis for any such action, proceeding or investigation. Except as disclosed in Schedule 6.13, there are no outstanding Orders (whether rendered by a court, administrative agency, arbitral body or Governmental Authority) against Seller, the Purchased Assets or the Business.

6.14 Compliance with Laws; Permits.

(a) Each of Seller and to Seller's knowledge, Seller's Affiliates and employees of Seller has been in compliance in all material respects with all applicable Laws and Orders as they relate to the Business, except for instances of noncompliance that would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect on Seller. None of Seller or, to Seller's knowledge, Seller's Affiliates or employees of the Seller has received any written communication from any Governmental Authority that alleges noncompliance in any material respect with any such Law or Order as it relates to the Business. The foregoing representations and warranties set forth in this Section 6.14 shall not apply to (a) matters related to Taxes, (b) matters related to Benefit Plans or (c) employment and labor matters.

(b) Seller has all necessary Permits required to carry on the Business as currently conducted, except to the extent the failure to have any such Permits, individually and in the aggregate, would not have a Material Adverse Effect. Seller is not in default under, and no condition exists that with notice or lapse of time or both could constitute a default or could give rise to a right of termination, cancellation or acceleration under, any material Permit held by Seller.

6.15 Properties – Real Property and Fixed Assets. Except as set forth in Schedule 6.15(a):

(a) General. Seller has good title to, or in the case of leased property has valid leasehold interests in, all property and Fixed Assets transferred pursuant to this Agreement, free and clear of all Liens. Upon the Closing, good and marketable title to the Purchased Assets and the rights under the Assumed Liabilities shall be vested in Purchaser free and clear of all Liens (other the Liens resulting from any action taken or agreement entered into by Purchaser or any of its Affiliates in connection with or following the Closing). The foregoing representations and warranties shall not apply to Seller's Intellectual Property Rights, which is dealt with exclusively in Section 6.17 below.

(b) Real Property. Seller does not own or have any ownership interest in any real property assets. Schedule 6.15(b) sets forth a list of all real property assets leased by Seller ("Real Property"). All such leases of Real Property are valid and binding agreements of Seller. All rents and other payments due under such leases have been paid. Seller is not in default or breach in any material respect under the terms of any such lease. To knowledge of Seller, there is no event, occurrence, condition or act which, with the giving of notice or the passage of time or both, could reasonably be expected to become a material default or event of default under any such lease. Seller is in peaceful and undisturbed possession of the space and/or estate under each lease of which it is a tenant.

(c) Fixed Assets. Schedule 6.15(c) sets forth a list of all Fixed Assets and location thereof comprising the Purchased Assets. Except as set forth on Schedule 6.15(c):

(i) to Seller's knowledge, the Fixed Assets comprising the Purchased Assets have been maintained by Seller in good repair and operating condition (normal wear and tear excepted); and

(ii) Seller confirms that: (1) it has valid and enforceable licenses for all third party software included in the Fixed Assets; (2) no material default or breach exists in respect thereof on the part of Seller and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute a default or breach; and (3) all such third party software licenses held by Seller and used in the Business are assignable to Purchaser in the Ordinary Course of Business without the incurrence of any additional payment by Purchaser.

The foregoing representation and warranty shall not apply to Seller's Intellectual Property Rights and Seller Hardware, which are dealt with exclusively in Section 6.17 below.

6.16 Sufficiency of Assets. The Purchased Assets are sufficient for the conduct of the Business as conducted immediately prior to the Closing Date, except for the Excluded Assets or as otherwise set forth on Schedule 6.16.

6.17 Intellectual Property.

(a) Schedule 6.17 hereto contains a true and complete list of all United States, Canadian and other foreign Intellectual Property Rights owned by Seller and (I) registered by Seller or for which an application for registration by Seller is pending or (II) unregistered but material to the operation of the Business and, in each case, used by Seller in connection with the Business. Schedule 6.17 also contains a true and complete list of all Contracts to which the Company is a party as licensee for any Intellectual Property Right of any other Person used by Seller in connection with the Business. Except as set forth on Schedule 6.17, Seller:

(i) owns, possesses or otherwise has the legally enforceable right to use, and, in the case of owned Intellectual Property Rights, to bring actions for infringement of, all Intellectual Property Rights (including all Intellectual Property Rights pertaining to the Seller Software or Seller Hardware) necessary or required for the conduct of the Business free and clear of any Liens;

(ii) owns or has the right to use all Intellectual Property necessary to conduct the Business as currently conducted;

(iii) is not obligated or to Seller's knowledge under any liability to make any payments by way of royalties, fees or otherwise to any owner or licensee of, or other claimant to, any patent, trademark, service mark, trade name, copyright or other intangible asset, with respect to the use thereof or in connection with the conduct of the Business; and

(iv) is not aware of a claim of any infringement or breach of any Intellectual Property Rights of any other Person by Seller in the conduct of the Business, nor has Seller received any notice that the conduct of the Business, including the use of the Seller Software and Seller Hardware infringes upon or breaches any industrial or Intellectual Property Rights of any other Person.

(b) With respect to the Seller Software and Seller Hardware:

(i) set forth in Schedule 6.17 is a list of the Seller Software and Seller Hardware, identifying with respect to each separate Computer Program making up the Seller Software, whether it is owned, licensed or otherwise used by Seller.

(ii) Schedule 6.17 identifies all material agreements relating to the Seller Software (the "Software Contracts") and further classifies each such Software Contract under one of the following categories: (A) license to use third party software; (B) development contract, work-for-hire agreement, or consulting agreement; (C) distributor, dealer or value added reseller agreement; (D) license or sublicense to a third party (including agreements with end-users); (E) maintenance, support or enhancement agreement; or (F) other.

(iii) Except as disclosed in Schedule 6.17, the Computer Programs included in the Seller Software are (A) owned by Seller, (B) currently in the public domain or otherwise available to Seller without the approval or consent of any third party, or (C) licensed or otherwise used by Seller pursuant to the terms of valid, binding written agreements.

(iv) The Seller Software and Seller Hardware conforms in all material respects to the technical specifications for the design, performance, operation, test, support and maintenance of the Seller Software and Seller Hardware, and all other documentation relating to such technical specifications or user instructions or feature descriptions. No portion of the Seller Software and Seller Hardware sold or licensed by Seller directly or indirectly to end users contained on the date of shipment by Seller and no portion of the Seller Software and Seller Hardware currently for sale or license directly or indirectly to end users contains any software routines or hardware components designed to permit unauthorized access; to disable or erase software, hardware or data; or to perform any other such actions.

(v) Except as disclosed in Schedule 6.17, all agents, consultants, and contractors, who have contributed to or participated in the conception and development of any of the Seller Software and Seller Hardware owned by Seller have executed appropriate instruments of assignment in favor of Seller as assignee that have conveyed to Seller full, effective and exclusive ownership of all Intellectual Property Rights thereby arising. All employees who have contributed to or participated in the conception and development of any of the Seller Software and Seller Hardware have created such materials in the scope of his or her employment with Seller. The Seller Software and Seller Hardware owned by Seller is not currently, and to the knowledge of Seller, will not be, the subject of any claims of opposition or ownership from any employees or contract staff of Seller. Seller has at all times maintained and diligently enforced commercially reasonable procedures to protect all confidential information relating to the Seller Software and the Seller Hardware designs.

(vi) Except as disclosed in Schedule 6.17, Seller has taken reasonable steps necessary to protect Seller's rights in confidential information and trade secrets of Seller or provided by another person to Seller. Without limiting the foregoing, except as disclosed in Schedule 6.17, Seller has, and enforces in all material respects, a policy requiring each employee, consultant and contractor to execute proprietary information, confidentiality and assignment agreements substantially in Seller's standard forms, copies of which have been provided to Purchaser and, to knowledge of Seller, all material current and former employees, consultants and contractors of Seller since its inception have executed such an agreement.

(vii) Set forth on Schedule 6.17 is a list specifying the location of all copies of any source code for the Seller Software owned by Seller and detailing all source code escrow arrangements or agreements entered into by Seller and all beneficiaries of any such arrangements or agreements. Except as set forth in Schedule 6.17, Seller has not made available to any Person any source code for the Seller Software owned by Seller. To Seller's knowledge, no Person is violating or infringing upon, or has violated or infringed upon at any time, any right of Seller in or to the Seller Intellectual Property Rights. The source code for the Seller Software owned by Seller is supported by documentation, including coding comments, which is consistent with industry standards. This documentation is of sufficient detail to permit an adequately trained individual the full and proper use of said source code and the understanding, compilation, modification and correction of the Seller Software. Standard back-up copies and working copies of the source code for the Seller Software have been made and securely maintained under the sole control of Seller.

(viii) The Seller Software owned by Seller is not, in whole or in part, subject to the provisions of any open source or quasi-open source licence agreement or any other agreement obligating the Seller to make source code used in the Business available to any Person or to publish or place in escrow source code and no open source code or quasi-open source code is incorporated into any product or service now or heretofore or currently proposed to be shipped or provided by or on behalf of Seller. Seller has not licensed any software in source code form to any Person.

(c) To the knowledge of Seller, the operation of the Business as it currently is conducted, including but not limited to Seller's design, development, use, import, manufacture and sale of the products, technology or services (including the Seller Hardware and any products, technology or services currently under development), does not infringe or misappropriate the Intellectual Property Rights of any Person, violate the rights of any Person (including rights to privacy or publicity), and Seller has not received notice from any Person claiming that such operation or any act, product, technology or service (including products, technology or services currently under development) of Seller infringes or misappropriates the Intellectual Property Rights of any Person or constitutes unfair competition or trade practices under the laws of any jurisdiction nor is Seller aware of any basis therefor. Seller has no knowledge of any obligation to compensate any Person for the use of any such Intellectual Property Rights except as set forth in any Contract related thereto and set out in Schedule 6.9(a) and (b), and Seller has not granted any Person any license or other rights to use in any manner any of the Intellectual Property Rights of Seller, whether requiring the payment of royalties or not. Except as set forth in Schedule 6.17, Seller has not (i) entered into any agreement to indemnify any other Person against any charge of infringement of any Intellectual Property Rights or (ii) granted any Person the right to bring any infringement action with respect to, or otherwise to enforce, any of the Intellectual Property.

6.18 Affiliate Transactions. Except as set forth on Schedule 6.18:

(a) There are no outstanding payables, receivables, loans, advances and other similar accounts between Seller, on the one hand, and any of its Affiliates, on the other hand, relating to the Business; and

(b) To the knowledge of Seller, no director, officer or employee of Seller possesses, directly or indirectly, any ownership interest in, or is a director, officer or employee of, any Person which is a supplier, customer, lessor, lessee, licensor, developer or competitor of Seller. Ownership of 2.5% or less of any class of securities of a Person whose securities are listed or posted for trading on a national or international public market will not be deemed to be an ownership interest for purposes of this Section 6.18.

6.19 Customers and Suppliers.

Schedule 6.19 includes a complete and correct list of (i) all current customers of the Business generating annual net revenues in excess of $25,000 annually and (ii) all suppliers from whom Seller has purchased in excess of $50,000 in equipment or supplies in the prior two calendar years. Seller, to its knowledge, has no reason to believe that its relationship with such customers and suppliers are other than good commercial relationships and none of such customers or suppliers has canceled, terminated or otherwise materially altered, or notified Seller of any intention to cancel, terminate or materially alter, its relationship with Seller since December 31, 2012 and Seller has no reason to believe that there will be any such change as a result of the transactions contemplated by this Agreement.

6.20 Labor and Employment Matters.

(a) Seller is not a party to any labor or collective bargaining agreement; there are no labor or collective bargaining agreements which pertain to any employee of Seller in his or her capacity as an employee of Seller; and no such employee is represented by any labor organization in his or her capacity as an employee of Seller.

(b) No labor organization or group of employees of the Seller has made a pending demand for recognition, there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the knowledge of Seller, threatened to be brought or filed with the National Labor Relations Board or other labor relations tribunal. There is no organizing activity involving Seller pending or, to the knowledge of Seller, threatened by any labor organization or group of employees of Seller.

(c) There are no (i) strikes, work stoppages, slow-downs, lockouts or arbitrations or (ii) grievances or other labor disputes pending or, to the knowledge of Seller, threatened against or involving Seller.

(d) There are no complaints, charges or claims against Seller pending or, to the knowledge of Seller, threatened to be brought or filed with any Governmental Authority based on, arising out of, in connection with, or otherwise relating to the employment by Seller, of any employee of Seller, including any claim for workers' compensation.

(e) Seller is in material compliance with all Laws and Orders in respect of employment and employment practices and the terms and conditions of employment and wages and hours, and has not, and is not, engaged in any unfair labor practice.

(f) Schedule 6.20 contains a complete and accurate list of the following information for each employee, officer or independent contractor of Seller, including each employee on leave of absence: (i) name; (ii) job title; (iii) current compensation paid or payable (annual rate or hourly rates of pay, as applicable); (iv) any proposed changes or discussion relating to the level of compensation; (v) bonus and/or commission arrangements (if different than Seller's standard commission and bonus practices; (vi) vacation accrued as of the Closing Date; (vii) service credited as of a recent date for purposes of vesting and eligibility to participate under any pension, retirement, profit-sharing, thrift-savings, deferred compensation, stock bonus, stock option, cash bonus, employee stock ownership (including investment credit or payroll stock ownership); (vii) Seller severance pay; and (viii) all bonuses and any other amounts to be paid by Seller to such employee at or in connection with the Closing.

(g) To the knowledge of Seller, and except as set forth on Schedule 6.20, no former or current employee, officer or director of Seller is a party to, or is otherwise bound by, any confidentiality, non-competition, proprietary rights agreement or similar agreement that would affect (i) in the case of a current employee, officer or director, the performance of his or her duties as an employee, officer or director of Seller or (ii) the ability of Purchaser to conduct the Business after the Closing Date.

(h) Each of the current employees referred to in Schedule 6.20 is currently an at-will employee of Seller, and, to Seller's knowledge, neither Seller nor its agents or representatives has taken or caused to be taken any act that constitutes, or with the passage of time would constitute, a waiver of the at-will employment relationship of such employee.

The representations and warranties set forth in this Section 6.20 and 6.21 below are the sole and exclusive representations and warranties related to labor and employment matters.

6.21 Benefit Plans. Except as set forth in Schedule 6.21, Seller does not have any Benefit Plans for its employees. Each Benefit Plan of Seller (and each related trust, insurance contract, or fund) has been maintained, funded and administered in accordance with the terms of such Benefit Plan and complies in form and in operation in all respects with the applicable requirements of ERISA and the Code. All contributions (including all employer contributions and employee salary reduction contributions) that are due have been made to each such Benefit Plan that is an Employee Pension Benefit Plan. All premiums or other payments that are due have been paid with respect to each such Benefit Plan that is an Employee Welfare Benefit Plan. Except as set forth on Schedule 6.21: (i) Seller does not maintain, sponsor or contribute to any Employee Pension Benefit Plan; (ii) Seller does not have any unfunded pension obligations of any kind whatsoever; and (iii) no former employees or qualified beneficiaries are currently under coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") or eligible to elect COBRA coverage.

6.22 Accounts Receivable. Schedule 6.22 contains a complete and accurate list of the Accounts Receivable, together with aging thereof. Except as set forth in Schedule 6.22, all such Accounts Receivable are, to Seller's knowledge, (a) valid and enforceable claims, (b) are not subject to any setoffs or counterclaims, and (c) the goods and services sold and delivered which gave rise to such Accounts Receivable were sold and delivered in material conformity with the applicable purchase orders, agreements and specifications. To the knowledge of Seller, the Accounts Receivable are collectible in the Ordinary Course of Business.

6.23 Customer Deposits. Schedule 6.23 is a true and complete list of all customer deposits together with a description thereof relating to the Business received by Seller as of the Closing Date for which services or products have not been delivered.

6.24 Prepaid Expenses. Schedule 6.24 is a true and complete list, together with a description thereof, of all Prepaid Expenses paid by Seller relating to the Business as of the Closing Date.

6.25 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of Seller with respect to the Business granted to any Person who is not a director or officer of the Seller.

6.26 Finders' Fees. There is no investment banker, broker, finder or other intermediary who has been retained by or is authorized to act on behalf of Seller who might be entitled to any fee or other commission in connection with the transactions contemplated by this Agreement payable by Purchaser or any of its Affiliates.

6.27 Limitation on Warranties. Except as expressly set forth in Article VI, Seller makes no express or implied representation or warranty of any kind whatsoever.

6.28 Acquisition for Investment.

(a) The Seller acknowledges that it will be acquiring the Consideration Shares issuable pursuant to this Agreement for investment for its own account and not as nominees or agent, and not with a view to the resale or distribution of any part thereof, and it further represents that it has no present intention of selling, granting any participation in, or otherwise distributing the same. Seller further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Consideration Shares.

(b) The Seller understands that any Consideration Shares issuable hereunder will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") on the ground that the sale and the issuance of securities hereunder is exempt from registration under the U.S. Securities Act pursuant to Section 4(a)(2) thereof, and that Sphere 3D's reliance on such exemption is predicated on the Seller's representation set forth herein.

6.29 Investment Experience. The Seller acknowledges that it can bear the economic risk of the investment, and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Consideration Shares.

6.30 Information. The Seller has carefully reviewed such information it has deemed necessary. To the full satisfaction of the Seller, it has been furnished all materials that it has requested relating to Sphere 3D, and the issuance of Consideration Shares hereunder, and it has been afforded the opportunity to ask questions of representatives of Sphere 3D to obtain any information necessary to verify the accuracy of any representations or information made or given to it. Notwithstanding the foregoing, nothing herein shall derogate from or otherwise modify the representations and warranties of the Purchaser and Sphere 3D set forth in this Agreement.

6.31 Restricted Securities. The Seller understands that the Consideration Shares issuable pursuant to this Agreement may not be sold, transferred, or otherwise disposed of without registration under the U.S. Securities Act and applicable state, federal and provincial securities laws or an exemption therefrom, and that in the absence of an effective registration statement covering the Consideration Shares or any available exemption from registration under the U.S. Securities Act and applicable state, federal and provincial securities laws, the Consideration Shares must be held indefinitely. Unless registered under the U.S. Securities Act and applicable state securities laws, the certificates representing the Consideration Shares, received pursuant to Section 4.1, shall bear a legend in the following form:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, EXCHANGED, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE BENEFIT OF ANY NATIONAL, CITIZEN OR RESIDENT OF THE UNITED STATES, ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES, EXCEPT: (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS; (C) IN COMPLIANCE WITH (1) RULE 144 OR (2) RULE 144A UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS; OR (D) WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER, UPON THE ISSUER RECEIVING, IN THE CASE OF CLAUSES (C)(1) AND (D) ABOVE, AN OPINION OF COUNSEL FOR THE HOLDER, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON EXCHANGES IN CANADA."

provided that: (i) at any time Sphere 3D is a "foreign issuer", as defined in Rule 902(e) of Regulation S of the U.S. Securities Act, if such securities are being sold in accordance with the requirements of Rule 904 of Regulation S of the U.S. Securities Act, as referred to above, and in compliance with local laws and regulations, the legend may be removed by providing a declaration to the issuer's transfer agent for such securities, in the form as may be prescribed by Sphere 3D from time to time, together with any other evidence, which may include an opinion of counsel of recognized standing reasonably satisfactory to Sphere 3D to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act, required by Sphere 3D or such transfer agent; and (ii) if any such securities are being sold pursuant to Rule 144 under the U.S. Securities Act, the legend may be removed by delivery to the registrar and transfer agent for such securities of an opinion of counsel of recognized standing reasonably satisfactory to Sphere 3D to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws.

6.32 Shell Company Re-Sales. The Seller understands and acknowledges that (i) if Sphere 3D is deemed to have been at any time previously an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents, other than a Capital Pool Company (as such term is defined in the TSXV Corporate Finance Manual), Rule 144 under the U.S. Securities Act may not be available for resales of the Consideration Shares and (ii) Sphere 3D is not obligated to make Rule 144 under the U.S. Securities Act available for resales of such Consideration Shares.

6.33 No Registration. The Seller understands and acknowledges Sphere 3D has no obligation or present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Consideration Shares in the United States.

6.34 Foreign Issuer Requirement. The Seller understands and acknowledges that Sphere 3D (i) is not obligated to remain a "foreign issuer" within the meaning of Rule 902(e) of Regulation S of the U.S. Securities Act, (ii) may not, at the time the Consideration Shares are resold by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions which could cause Sphere 3D not to be a foreign issuer, and if Sphere 3D is not a foreign issuer at the time of sale or transfer of the Consideration Shares pursuant to Rule 904 of Regulation S of the U.S. Securities Act, the certificates representing the Consideration Shares may continue to bear the legend described above.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF PURCHASER AND SPHERE 3D

Purchaser and Sphere 3D, jointly and severally, hereby represent and warrant to Seller as of the Closing Date as follows: 7.1 Corporate Existence and Power.Each of Purchaser and Sphere 3D is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of organization. Each of Purchaser and Sphere 3D has all corporate or similar power and all material governmental licenses, authorizations, Permits, consents and approvals required to carry on its business as now conducted. Each of Purchaser and Sphere 3D is duly qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect. Each of Purchaser and Sphere 3D has heretofore delivered to Seller true and complete copies of the Certificate of Incorporation and Bylaws or other similar constituent documents of Purchaser and Sphere 3D, in each case as amended to date.

7.2 Corporate Authorization; Enforceability. The execution, delivery and performance by each of Purchaser and Sphere 3D of this Agreement and each of the Ancillary Documents has been duly authorized by the Board of Directors of Purchaser and Sphere 3D and no other corporate action on the part of Purchaser or Sphere 3D is necessary to authorize the execution, delivery and performance of this Agreement or any of the Ancillary Documents. This Agreement and each of the Ancillary Documents has been duly executed and delivered by Purchaser and Sphere 3D and constitutes valid and binding agreements of Purchaser and Sphere 3D enforceable against Purchaser and Sphere 3D in accordance with their terms, except to the extent that their enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

7.3 Non-Contravention. The execution, delivery and performance by Purchaser and Sphere 3D of this Agreement and each Ancillary Document do not and will not at the Closing (a) violate the Certificate of Incorporation or Bylaws or other similar constituent documents of Purchaser or Sphere 3D, (b) violate any applicable Law or Order, (c) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of Indebtedness, security interest or other arrangement to which Sphere 3D is a party or by which its properties or assets is subject, and (d) require Sphere 3D or any of its Affiliates to make any declaration to or filing with, or to obtain any Permit, license, consent, accreditation, approval or authorization from, any Governmental Authority or any national or local stock exchange (other than the TSXV and applicable Canadian securities regulators in connection with the issuance of the Initial Shares and Earn-Out Shares).

7.4 Finders' Fees. There is no investment banker, broker, finder or other intermediary who has been retained by or is authorized to act on behalf of Purchaser or Sphere 3D who might be entitled to any fee or other commission in connection with the transactions contemplated by this Agreement.

7.5 Filings. Sphere 3D has timely filed each statement, report, registration statement, proxy statement and other filing required to be filed with applicable Canadian securities regulators by Sphere 3D between December 31, 2010 and the Closing Date (the "Filed Documents"). In addition, Sphere 3D has made available to Seller all exhibits to Filed Documents that are (a) requested by Seller, and (b) not available in complete form through publicly available filing retrieval services for companies listed on the TSXV. All documents required to be filed as exhibits to Filed Documents have been so filed, and all material contracts so filed as exhibits are in full force and effect except those which have expired in accordance with their terms, and none of Sphere 3D nor any of its Affiliates is in default thereunder. As of their respective filing dates, the Filed Documents complied in all material respects with the requirements of applicable Canadian securities laws, and none of the Filed Documents contained any untrue statement or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent corrected by a subsequently Filed Document prior to the date hereof. The financial statements of Sphere 3D, including the notes thereto, included in the Filed Documents (the "Sphere 3D Financial Statements"), complied as to form in all material respects with applicable Canadian securities laws and the rules of the TSXV with respect thereto as of their respective dates, and have been prepared in accordance with International Financial Reporting Standards (IFRS) applied on a basis consistent throughout the periods indicated and consistent with each other. The Sphere 3D Financial Statements fairly present the consolidated financial condition, operating results and cash flow of Sphere 3D and its Affiliates at the dates and during the periods presented therein. There has been no change in Sphere 3D's accounting policies except as described in the notes to the Sphere 3D Financial Statements.

7.6 Issuance of Initial Shares. The issuance and delivery of the Initial Shares (and any Earn-Out Shares) (collectively, "Consideration Shares") as consideration for the Purchased Assets and the Earn-Out Revenue in accordance with this Agreement shall be, at or prior to the Closing Date, duly authorized by all necessary corporate or other organizational action on the part of Sphere 3D, and, when issued as contemplated hereby, will be duly and validly issued, fully paid and nonassessable. Such Consideration Shares, when so issued and delivered in accordance with the provisions of this Agreement, shall be free and clear of all Liens, other than the restrictions on transfer set forth in the legend contained on the certificates representing such Consideration Shares. The offer, issuance and sale of the Consideration Shares to the Seller in the Province of Ontario have been effected in such a manner as to be exempt, either by statute or regulation or order, from the prospectus requirements of applicable Canadian securities laws, and no documents are required to be filed, proceedings taken or approvals, permits, consents or authorizations of regulatory authorities obtained under applicable Canadian securities laws in connection therewith, provided that Sphere 3D files with the Ontario Securities Commission, within 10 days of each such sale or issuance by the Sphere 3D, a report of the distribution on Form 45-106F1 prepared, executed and filed in accordance with National Instrument 45-106, accompanied by the prescribed fee.

7.7 Litigation. There is no action, suit, arbitration or administrative or other proceeding pending against Sphere 3D or its properties or assets, or any investigations, before any court or arbitrator or any Governmental Authority which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement and the Ancillary Documents to which Sphere 3D will be a party at Closing or that could reasonably be expected to have a Material Adverse Effect on Sphere 3D and its properties, assets and business prospects.

7.8 Sphere 3D Capitalization. The authorized, issued and outstanding Capital Stock of Sphere 3D consists of an unlimited number of common shares of which, as of the date of execution of this Agreement and prior to the consummation of the transaction contemplated in this Agreement, 21,605,843 common shares are issued and outstanding. Sphere 3D's stock option plan (the "Option Plan") provides for the issuance of up to 3,375,000 common shares of which, as of the Effective Date, 2,761,250 common shares have been allocated for issuance to employees, directors and independent contractors pursuant to the Option Plan. Except as disclosed in Schedule 7.8 or under the Option Plan, (i) no subscription, warrant, option, convertible security or other right (contingent or otherwise) to purchase or acquire any shares of Capital Stock of Sphere 3D is authorized or outstanding, (ii) Sphere 3D has no obligation (contingent or otherwise) to issue any subscription, warrant, option, convertible security or other such right or to issue or distribute to holders of any shares of its Capital Stock any evidences of Indebtedness or assets of Sphere 3D, and (iii) Sphere 3D has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its Capital Stock or any interest therein.

7.9 Purchaser. Purchaser was formed solely for the purpose of acquiring the Purchased Assets as contemplated by this Agreement, and Purchaser has engaged in no other business activities and has conducted its operations only as contemplated by this Agreement.

7.10 PURCHASER ACKNOWLEDGMENT. PURCHASER AND SPHERE 3D HEREBY ACKNOWLEDGES THAT THE REPRESENTATIONS AND WARRANTIES OF SELLER IN ARTICLE VI OF THIS AGREEMENT CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF SELLER TO PURCHASER AND SPHERE 3D IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY, AND EACH OF PURCHASER AND SPHERE 3D UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ALL OTHER REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLANTED (INCLUDING ANY RELATING TO THE FUTURE OR HISTORICAL FINANCIAL CONDITION, RESULTS OF OPERATIONS, ASSETS OR LIABILITIES OF SELLER OR THE BUSINESS, OR ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) ARE SPECIFICALLY DISCLAIMED BY SELLER. PURCHASER AND SPHERE 3D ACKNOWLEDGE THAT ANY ESTIMATES, FORECAST, OR PROJECTIONS FURNISHED OR MADE AVAILABLE TO IT CONCERNING SELLER OR ITS PROPERTIES, BUSINESS OR ASSETS MAY NOT HAVE BEEN PREPARED IN ACCORDANCE WITH GAAP OR STANDARDS APPLICABLE UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN ADDITION AND NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, NO REPRESENTATION OR

WARRANTY IS MADE BY SELLER WITH RESPECT TO THE CELIO IP OR OTHER ASSETS ACQUIRED FROM CELIO BY SELLER (IF ANY).

ARTICLE VIII

CERTAIN PRE-CLOSING AND POST-CLOSING COVENANTS

8.1 Conduct of Business Prior to Closing. From the Effective Date to the Closing Date, the Seller shall conduct the Business in the Ordinary Course of a Business in the same industry as, of comparable size to and in circumstances similar to those facing the Seller and shall take all such action and do all such things within its authority or control to ensure that the Seller conducts the Business accordingly.

8.2 Actions to Satisfy Closing Conditions.

(a) The Seller shall take all such actions as are within its power to control and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 9.1 over which it has control as aforesaid, including ensuring that until the Closing Date there is no breach of any of its representations and warranties.

(b) The Purchaser shall take all such actions as are within its power to control and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 9.2 over which it has control as aforesaid, including ensuring until the Closing Date, there is no breach of any of its representations and warranties.

8.3 Reasonable Commercial Efforts.

(a) Seller, Purchaser and Sphere 3D will cooperate and use their respective reasonable commercial efforts to take, or cause to be taken, all appropriate actions, and to make, or cause to be made, all filings necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated by this Agreement, including their respective reasonable efforts to obtain, prior to the Closing Date, all licenses, Permits, consents, approvals, authorizations, qualifications and orders of Governmental Authorities and parties to Contracts with Seller as are necessary to consummate the transactions contemplated by this Agreement and to fulfill the conditions to the sale contemplated hereby. Except as provided herein, the parties will pay or cause to be paid all of their own fees and expenses contemplated by this Section 8.3, including but not limited to the fees and expenses of any broker, finder, financial advisor, legal advisor or similar person engaged by such party. Notwithstanding any other provision hereof, in no event will Purchaser or any of its Affiliates be required to (a) enter into or offer to enter into any divestiture hold-separate, business limitation or similar agreement or undertaking in connection with this Agreement or the transactions contemplated hereby, or (b) institute or defend any litigation or other legal proceeding, whether judicial or administrative, including seeking to have any stay or temporary restraining order imposed or reversed.

(b) Each party hereto shall promptly inform the other of any material communication from any Government Authority regarding any of the transactions contemplated hereby. If any party or any Affiliate thereof receives a request for additional information or documentary material from any such Government Authority with respect to the transactions contemplated hereby, then such party will endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request.

8.4 Access. Subject to applicable law, from the Effective Date until the earlier of the Closing Date and the date this Agreement is terminated in accordance with Section 11.15, the Seller will upon reasonable notice, permit the Purchaser, its legal counsel, accountants and other representatives, to have reasonable access during normal business hours to the premises, assets, contracts, books and records and senior personnel of the Seller for purposes of completing its due diligence review of the Business. The Seller is not required to disclose any information to the Purchaser relating to the Business where such disclosure is prohibited by applicable law.

8.5 Books and Records.

(a) From and for three (3) years after the Closing Date, upon reasonable request and advance notice by Purchaser, Seller will give Purchaser's representatives reasonable access to, at no cost, such documentation and information, which Purchaser may reasonably require (i) to prepare and file Tax Returns and respond to any issues which may arise with respect to Taxes for which Purchaser is responsible to the extent relating to the Purchased Assets, Assumed Liabilities or Business, (ii) to defend any claim which Purchaser is required to defend pursuant to this Agreement or in connection with the operation of the Business after the Closing Date, or (iii) such other reasonable purpose. Prior to the seventh anniversary of the Closing Date, Seller will give Purchaser at least ten (10) days' prior written notice of Seller's intention to dispose of any books, records or other documentation which Seller is entitled to retain pursuant to this Agreement, and Purchaser will have the opportunity to obtain possession, at its own expense, of any such books, records or documentation as Purchaser may reasonably request prior to Seller's disposition thereof prior to the seventh (7th) anniversary of the Closing Date. In the absence of gross negligence, bad faith or willful misconduct, Seller will not have any liability arising out of or in connection with its retention and handling of such records.

(b) Information which is obtained by either party pursuant to this Section 8.5 will be kept confidential by such party; provided, however that in the event the party or any of its representatives is requested or required pursuant to applicable Law by any Governmental Authority or court of competent jurisdiction to disclose any such information, the party may do so after providing the other party with notice of the request or requirement so that the other party may attempt, at its own expense, to obtain a protective order. Each party will use reasonable efforts to retain the information in its respective departments (such as tax, credit, and accounting departments, etc.) in which any such information is to be used and will limit access to such information on a "need to know" basis. Neither party may use information obtained from the other party pursuant to this subsection to compete with the other party.

8.6 Non-Competition and Non-Solicitation. During the period commencing on the Effective Date and terminating on the expiration of the one (1) year anniversary of the Earn-Out Period, Seller will not, without the prior written consent of Purchaser, directly or indirectly:

(a) Participate, engage or have any other material interest (whether as owner, purchaser, shareholder, employee, broker, agent, principal, trustee, corporate officer, director, consultant or in any other capacity) in any business which is competitive with any product or service offered by Seller on or prior to the expiration of the Earn-Out Period;

(b) Solicit, canvass or approach any Person who, to the knowledge of Seller, was provided with products or services by Seller in connection to the Business at any time prior to the Closing Date, (i) to offer that Person products or services similar to or derivative of products or services provided by Seller in connection to the Business within the one (1) year period preceding the Earn-Out Period or by Purchaser prior to the expiration of the one (1) year anniversary of the Earn-Out Period or (ii) to endeavor to cause such Person to cease providing or receiving products or services to or from Purchaser or any Affiliate of Purchaser; and

(c) Employ, solicit or entice away any current or future employee, director, or officer of Purchaser or any Affiliate of Purchaser.

8.7 Collection of Closing Receivables. Seller covenants to use its commercially reasonable efforts following the Closing Date to assist Purchaser in its collection of all Closing Receivables. Purchaser covenants to use its commercially reasonable efforts to collect the Closing Receivables in the same manner and with the same diligence that Purchaser uses to collect its own accounts receivable. Any monies received by Seller after the Closing Date, including those relating to Closing Receivables or customer deposits shall be for the benefit of the Purchaser regardless of the nature of payment or date that payment is sent to or received by the Seller. As promptly as practical following Closing, Seller undertakes to deliver monthly financial statements (including a balance sheet, related statement of income, retained earnings and cash flows) for the period of December 31, 2013 through the Closing Date. Purchaser shall have the right to review the bank account statements of Seller upon reasonable request for the purpose of validating such receipt of Closing Deliverables.

Following the Closing, (a) Seller will promptly, and in any event, not later than seven days following receipt, forward to Purchaser any payments received by Seller with respect to any of the Purchased Assets, without deduction or set-off, and any checks, drafts or other instruments payable to Seller will, when so delivered, bear all endorsements required to effectuate the transfer of the same to Purchaser, (b) Seller will promptly forward to Purchaser any mail or other communications received by Seller relating to the Purchased Assets or the Assumed Liabilities, and (c) Purchaser will promptly forward to Seller any mail or other communications received by Purchaser relating to the Excluded Assets or the liabilities of Seller that do not constitute Assumed Liabilities.

8.8 Use of Names. Forthwith following the Closing Date, Seller shall discontinue further use of the name “V3” or any derivation thereof, except where legally required to identify Seller until its name has been changed to another name and, not later than ten (10) days after the Closing Date, shall file articles of amendment to its Articles of Incorporation or otherwise take such corporate action as may be necessary to change the corporate name of Seller to another name not including the word “V3” and otherwise having no visual or sound similarity to its present name. Further, after the Closing Date, Seller will discontinue all use of the names and marks included in the Intellectual Property Rights transferred pursuant to this Agreement, including the names “V3” alone or in any combination of words or marks confusingly similar thereto, and will as promptly as possible, but in no event later than ten (10) Business Days from the Closing Date, eliminate such names from all signs, purchase orders, invoices, sales orders, packaging stock, labels, letterheads, business cards, displays, signs, promotional materials, manuals, shipping documents and other materials used by Seller.

8.9 Insurance. Seller will cause Purchaser to be included as an additional insured on all such policies designated in Schedule 6.12 from and after the Closing Date with respect to claims occurring on or prior to the Closing Date. Purchaser acknowledges and agrees that effective on the Closing Date, all insurance policies and coverages provided or made available by Seller to or for the benefit of the Business will terminate and Purchaser shall, at Purchaser's sole cost and expense, be responsible for making any and all necessary or appropriate arrangements for the provision of insurance coverage and similar matters for or relating to the Business.

8.10 Employee Matters.

(a) Purchaser shall offer employment to the individuals identified on Schedule 8.10 (the "Affected Employees").

(b) The amount of wages and other remuneration (including any sales commissions earned, regardless of whether paid) due in respect of periods to and including the Closing Date to employees of Seller will be paid by Seller directly to such employees. Seller shall also pay directly to all employees not constituting Affected Employees all vacation, holiday and sick pay, if any, attributable to any period or partial period of employment by Seller prior to the Closing Date, to the extent earned.

(c) Purchaser will permit any Affected Employee the opportunity to use any earned vacation day (but not receive payment in lieu thereof) that has been earned after January 1, 2014 and remains unused as of the Closing Date provided such accrued vacation is used prior to December 31, 2014.

(d) Purchaser will credit Affected Employees with all years of service with the Seller prior to the Closing Date for purposes of determining vacation entitlement, a complete listing of such credit is set forth on Schedule 6.20.

(e) Purchaser shall not assume any liabilities or obligations relating to Seller's Benefit Plans, including without limitation, liabilities for COBRA coverage, if applicable. Seller shall provide any and all required COBRA notices to employees within ten (10) Business Days following the Closing Date and be responsible for administration of all COBRA claims.

8.11 Board Representation.

(a) Immediately following Closing and during the Earn-Out Period only, the Seller shall have the right to appoint, and Sphere 3D shall cause such appointment upon the exercise of such right, one nominee to the board of directors of the Purchaser, which board shall consist of three directors, unless otherwise agreed by the parties. Subject to all necessary TSXV and regulatory approvals, to the extent applicable, such initial nominee shall be Eric Lindstrom until such time that Mr. Lindstrom becomes ineligible to serve as a director of the Purchaser pursuant to applicable laws, at which time his successor shall be appointed by Seller (which appointment must be mutually agreed to by parties, acting reasonably). Following the Earn-Out Period, the Purchaser shall consider, but shall not be obligated, to include Mr. Lindstrom as a director of the Purchaser to the extent that it reasonably determines that Mr. Lindstrom would be a valuable contributing member of the board.

(b) Immediately following Closing, subject to consent by Eric Lindstrom and all necessary TSXV and regulatory approvals, Purchaser and Sphere 3D shall consider, but shall not be obligated, to include Mr. Lindstrom to the nomination of the full slate of directors of Sphere 3D in accordance with Sphere 3D's constituent and other governing documents, to the extent it reasonably determines that Mr. Lindstrom would be a valuable contributing member of the board. The Seller shall have no right to request any substitute nominee to the board of directors of Sphere 3D if Mr. Lindstrom is unwilling or unable to serve in such capacity.

(c) The rights of Seller and obligations of Purchaser and Sphere 3D under clause (b) of this Section 8.11 shall cease on the earliest of: (i) the voluntary termination of Eric Lindstrom as an employee of the Purchaser or Sphere 3D; (ii) the termination by "Cause" of Eric Lindstrom by the Purchaser of Sphere 3D, as the case may be, as an employee of the Purchaser of Sphere 3D; (iii) the expiration of the Earn-Out Period; or (iv) as otherwise set forth in this Agreement.

8.12 Payment of Obligations; Bulk Transfer Laws. Sellers covenant to (i) pay all accounts payable of the Seller in the Ordinary Course of Business, and (ii) all other obligations on or contemporaneous with Closing, and further undertake not to dissolve, wind-up or take such other steps to discontinue the corporate existence of the Seller until such time as such accounts payables and other debt or liabilities are paid in full. Purchaser acknowledges that Seller will not comply with the provisions of any bulk sales or transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement; provided, however, Purchaser shall nevertheless be entitled to indemnification by Seller under Article X above in respect of any such noncompliance.

8.13 Sphere 3D Guaranty. Sphere 3D hereby irrevocably, absolutely and unconditionally guarantees (a) the full and punctual payment of any amount due and payable by Purchaser under this Agreement, and (b) the timely satisfaction and performance of all Purchaser's covenants, agreements and obligations contained in this Agreement. Upon any failure by Purchaser to pay punctually, Sphere 3D shall, forthwith upon written demand of Seller, pay the amount not so paid; provided, however, that any and all defenses or counterclaims available to Purchaser, including under this Agreement, any other Ancillary Document or applicable Law, shall also be available to Sphere 3D. The obligations of Sphere 3D shall be unconditional and absolute. Sphere 3D hereby expressly waives all (A) presentments, (B) demands for payment or performance, (C) diligence, (D) demands of protest, dishonor, or reliance hereon, and (E) protest of nonpayment.

8.14 Excluded Maintenance Support Claims.

(a) Service Claims. Notwithstanding the foregoing or anything to the contrary in Section 3.1 above, following the Closing, upon the written request of Seller, Purchaser shall, to the extent reasonably practical, process and service the claims under any of the following liabilities of Seller (collectively, "Service Claims" and each a "Service Claim"): (a) support and service obligations of Seller under Maintenance and Support Contracts listed on Schedule 6.11; or (b) liabilities under Open Customer Contracts that are not expressly assumed under Section 3.1 as "Assumed Liabilities". Purchaser shall process and service such Service Claims in a reasonable manner consistent with its service level agreements or commitments provided to other customers of the Purchaser or Sphere 3D's business (which shall be based on standard industry practices) and in accordance with the applicable Contract terms and conditions. To the extent Purchaser processes any such Service Claim, Seller shall during the Earn-Out Period reimburse Purchaser for the Service Costs incurred by Purchaser or any of its Affiliates in the handling of such Service Claims to the extent that the aggregate Service Costs, calculated based on market rates of the Purchaser, exceed the Service Claim Threshold and subject to a reasonable time for Seller to review such request for reimbursement. For purposes of this Agreement, "Service Costs" means the reasonable costs actually incurred by Seller or any of its Affiliates in fulfilling Purchaser's obligations under Section 3.2(b) and this Section 8.14, including a reasonable application of overhead costs. Nothing herein shall limit or restrict Seller's rights or abilities to contract our outsource with a third party to process and service such Service Claims, provided that Seller shall be solely responsible for any and all costs, fees or other payment liabilities of such third party arrangements.

(b) Service Requests. In order to require Purchaser to process and service a Service Claim, Seller must deliver to Purchaser a written request (a "Service Request") of the related Service Claims. Seller may deliver Service Requests to Purchaser as frequently as Seller may elect, but not more than once per calendar week. Each Service Request shall disclose for each Service Claim reported therein, to the extent that such information is known to Seller, (i) the name of the Person making the Service Claim, (ii) a description of the product or service that is the subject of the Service Claim, (iii) the date of completion of the service in question (for purposes of confirming that such product or service was within the applicable period under the applicable Contract when the Service Claim was made), (iv) a description of the defect or deficiency in respect of which the Service Claim was made, and (v) the action requested by Seller to be taken by Purchaser on behalf of Seller to resolve such Service Claim (i.e., reworking or replacement of the covered product or service). Seller shall cooperate reasonably and promptly with any reasonable request by Purchaser or Sphere 3D for additional information on any Service Claim to verify the validity of such claim.

(c) Reimbursement. In order to obtain reimbursement from Seller of any Service Costs, Purchaser must deliver to Seller during the Earn-Out Period a written report (a "Service Report") of such Service Costs and the related Service Claims. Each Service Report shall disclose for each Service Claim reported therein (i) the action taken by Purchaser to process, service and resolve such Service Claim (i.e., repair, reworking or replacement of the covered product or service), and (ii) quantification of the related Service Costs. Purchaser shall cooperate reasonably and promptly with any reasonable request by Seller for additional information on any Service Claim and Purchaser's handling thereof so as to allow Seller to verify the validity of such claim and Purchaser's grounds for reimbursement. Subject to Purchaser's compliance with the foregoing provisions of this clause (c), Seller shall pay to Purchaser the Service Costs requested in any Service Report within ten (10) Business Days after Seller's receipt of such Service Report. If Seller fails to timely pay any undisputed Service Costs, Purchaser may deduct such amount from the Holdback Amount or, to the extent the Holdback Amount is fully applied, to the Earn-Out Shares, with written notification thereof to Seller.

8.15 OEM and Software Vendor Arrangements. If any Contract with original equipment manufacturers ("OEMs") or original software vendors ("OSVs") or which by the terms of this Agreement, is intended to be included in the Purchased Assets is determined not capable of being assigned or transferred to Purchaser at the Closing without the consent of another party thereto ("Non Assignable Assets"), then (i) Seller will use commercially reasonable efforts to obtain the written consent of such other Person to the assignment of such Non-Assignable Asset, (ii) this Agreement shall not constitute an assignment thereof, or an attempted assignment thereof, unless and until any such consent is obtained, and (iii) at Purchaser's election, (A) Seller will continue to maintain and/or perform any such Non-Assignable Asset at the direction and for the risk, liability and benefit of Purchaser, but at Purchaser's sole cost, or (B) Purchaser may act as agent and attorney if fact for Seller to obtain the benefits thereunder for Purchaser, it being understood that, following the Closing, Seller will have no employees or personnel (other than Eric Lindstrom) available to provide the services described in clauses (i), (ii) and (iii) above. If Purchaser is provided the benefits of any Non-Assignable Assets pursuant to this Section 8.15, Purchaser shall perform, on behalf of Seller, for the benefit of the other party or parties thereto, the obligations (including payment obligations) of Seller thereunder or in connection therewith arising from and after the Closing Date. Seller's obligations under this Section 8.15 shall terminate on the three (3) year anniversary of the Closing or such later date as Purchaser shall reasonably request and Seller shall approve, where such approval shall not be unreasonably withheld or conditioned. Nothing in this Section 8.15 shall in any way diminish the Parties' obligations hereunder to obtain all consents and to take all such other commercially reasonable actions prior to or at Closing as are necessary to enable Seller to convey or assign valid title to all Purchased Assets to Purchaser.

8.16 Further Assurances. From time to time, as and when requested by either party hereto, the other party will execute and deliver, or cause to be executed and delivered, all such documents and instruments and will take, or cause to be taken, all such further actions, as the requesting party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement.

ARTICLE IX

CONDITIONS TO CLOSING

9.1 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the Closing are subject to the satisfaction (or waiver by Purchaser) of the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of the Seller set forth in this Agreement shall be true and correct in all material respects (except those qualified by materiality or material adverse effect, which shall be true and correct in all respects) as of the Closing Date, and the Seller shall have executed and delivered a certificate to that effect.

(b) No Injunction, etc. No provision of any applicable Law and no judgment, injunction, order or decree of any Governmental Authority shall be in effect which shall prohibit the consummation of the Closing.

(c) No Governmental Proceedings. No action, suit or proceeding challenging this Agreement, the Ancillary Documents or the transactions contemplated hereby or thereby or seeking to prohibit, alter, prevent or materially delay the Closing or seeking material damages shall have been instituted or threatened by any Governmental Authority and be pending.

(d) Regulatory Approval. Receipt of all necessary regulatory approvals relating to the transaction of purchase and sale contemplated by this Agreement. In particular, the TSXV shall have granted conditional and final approval in connection with or related to the transactions contemplated by this Agreement, including the issuance of the Consideration Shares, on terms consistent with the transactions set forth herein.

(e) Ancillary Documents. Each of the Ancillary Documents shall have been executed and delivered by the parties thereto other than Purchaser and its Affiliates.

(f) Shareholder Approval. The holders of at least fifty percent (50%) of the voting Capital Stock of Seller shall have approved the transactions contemplated by this Agreement.

(g) Third-Party Consents; Governmental Approvals. Subject to Section 2.3 hereof and except as set forth on Schedules 6.11, 6.12 and 6.13, all consents, approvals, waivers and Permits, if any, disclosed or required to be disclosed on any Schedule attached hereto or otherwise required in connection with the consummation of the transactions contemplated by this Agreement shall have been received.

(h) Due Diligence. Purchaser shall have completed its due diligence investigation of Seller to Purchaser's reasonable satisfaction.

(i) Assignment of Contracts. Except as set forth on Schedules 6.11, 6.12 and 6.13, each Open Customer Contract, Maintenance and Support Contract and Assumed Contract (other than Contracts with OEMs or OSVs which are addressed in clause (o) of this Section 9.1)

shall have been duly assigned to Purchaser and all consents required for such assignment shall have been obtained.

(j) Legal Opinion of Seller's Counsel. Purchaser shall have received from counsel to Seller an opinion as to those matters in form and substance as set forth in Exhibit B-1 attached hereto, addressed to Purchaser and dated as of the Closing Date and subject to customary qualifications, limitations and assumptions.

(k) Hired Employees. All employees that Purchaser deems to be key to the continued operation shall have accepted offers of employment made by Purchaser, including without limitation Eric Lindstrom have entered into the Management Employment Agreement in the form as mutually agreed upon between Purchaser and Mr. Lindstrom.

(l) Financing. Purchaser shall have completed a debt or equity financing (excluding the recently completed bought deal private placement with Cormark Securities Inc. on November 12, 2013) for gross proceeds of not less than $5,000,000.

(m) Evidence of No Liens. Delivery of discharge statements or undertakings to discharge, in form satisfactory to the Purchaser, acting reasonably, of all Liens registered against the Purchased Assets.

(n) Purchase of Celio IP. Contemporaneous with the Closing, Seller shall have assigned all of its rights to acquire the Celio IP to Purchaser on terms satisfactory to the Purchaser, acting reasonably.

(o) OEM and Software Vendor Arrangements. The Seller shall have assigned, to the extent assignable and transferable, those Contracts with OEMs and OSVs. The parties further acknowledge that Section 8.15 shall apply to such Contracts with OEMs and OSVs that are not assignable and transferable as of the Closing.

(p) Corporate Matters. Seller shall deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser, acting reasonably:

(i) certified copies of (a) the constituent documents and by-laws of the Seller, as applicable; (b) all resolutions of the shareholders and the board of directors of the Seller, as applicable, approving the entering into and completion of the transactions contemplated by this Agreement, and (c) a list of the directors and officers authorized to sign agreements, together with their specimen signatures, as applicable; and

(ii) a certificate of status, compliance, good standing or like certificate with respect to the Seller, as applicable, issued by the Secretary of State or other similar government officials of the State of Nevada.

All actions to be taken by Seller in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby shall be reasonably satisfactory in form and substance to Purchaser.

9.2 Conditions to Obligations of Seller. The obligations of Seller to consummate the Closing are subject to the satisfaction (or waiver by Seller) of the following conditions: (a) Representations and Warranties. Each of the representations and warranties of the Purchaser set forth in this Agreement shall be true and correct in all material respects (except those qualified by materiality or material adverse effect, which shall be true and correct in all respects) as of the Effective Date and as of the Closing Date as though made on the Closing Date, and the Purchaser shall have executed and delivered a certificate to that effect.

(b) No Injunction, etc. No provision of any applicable Law of any Governmental Authority shall be in effect which shall prohibit the consummation of the Closing.

(c) No Governmental Proceedings. No action, suit or proceeding challenging this Agreement, the Ancillary Documents or the transactions contemplated hereby or thereby or seeking to prohibit, alter, prevent or materially delay the Closing or seeking material damages shall have been instituted or threatened by any Governmental Authority and be pending.

(d) Ancillary Documents. Each of the Ancillary Documents shall have been executed and delivered by Purchaser where Purchaser is a party thereto.

(e) Legal Opinion of Counsel to Sphere 3D. Seller shall have received from counsel to Sphere 3D an opinion in form and substance as set forth in Exhibit B-2, addressed to Seller and dated as of the Closing Date.

(f) Corporate Matters. Purchaser shall deliver or cause to be delivered to the Seller the following in form and substance satisfactory to the Seller, acting reasonably:

(i) certified copies of (a) the constituent documents and by-laws of the Purchaser, as applicable; (b) all resolutions of the board of directors of Sphere 3D and the Purchaser, as applicable, approving the entering into and completion of the transactions contemplated by this Agreement, and (c) a list of the directors and officers authorized to sign agreements, together with their specimen signatures, as applicable; and

(ii) a certificate of status, compliance, good standing or like certificate with respect to Sphere 3D and the Purchaser, as applicable, issued by appropriate government officials of their respective jurisdictions of incorporation.

ARTICLE X

SURVIVAL; INDEMNIFICATION

10.1 Survival. The representations and warranties of the parties contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall not merge in, be superseded or prejudiced by and shall survive the Closing until the period that is eighteen (18) months following the Closing Date, except in the case of (a) representations and warranties set forth in Section 6.15(a) and 6.17(a) relating to title to the Purchased Assets which shall survive indefinitely, and (b) representations and warranties in respect of Tax matters and in respect of which any taxation authority of competent jurisdiction, administering any taxation legislation pursuant to which any Seller is subject, has the right to assess, reassess or make additional assessments pursuant to the taxation legislation of such jurisdiction, shall survive until 30 days following the last day that the rights of assessment or reassessment referred to in this sentence cease. Notwithstanding the immediately preceding sentence, any representation or warranty in respect of which indemnity may be sought under this Agreement will survive the time at which it would otherwise terminate pursuant to the immediately preceding sentence if written notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time; provided, however, that the applicable representation or warranty will survive only with respect to the particular inaccuracy or breach specified in such written notice. All covenants and agreements of the parties contained in this Agreement will survive the Closing for eighteen (18) months following the Closing Date, except for Sections 2.3 [Non-Assignable Contracts, Leases and Permits] and 8.15 [OEM and Software Vendor Arrangements] which will survive the Closing for three (3) years following the Closing Date.

10.2 Indemnification.

(a) Seller will indemnify, defend and hold harmless Purchaser and its officers, directors, employees, shareholders and agents against any and all out-of-pocket liabilities, damages and losses (not to include punitive damages except in the event of third party claims if the third party is entitled to receive punitive damages or those consequential damages that are not reasonably foreseeable), and all costs or expenses, including, without limitation, attorneys' and consultants' fees and expenses ("Damages"), incurred or suffered as a result of or arising out of (i) the failure of any representation or warranty made by Seller in Article VI to be true and correct as of the Closing Date, (ii) the breach of any covenant or agreement made or to be performed by Seller pursuant to this Agreement, (iii) any liability arising from any Contract other than an Open Customer Contract or Maintenance and Support Contract, (iv) any liability of Seller for unpaid Taxes with respect to any Tax year or portion thereof ending on or before the Closing Date (or for any Tax year beginning before and ending after the Closing Date to the extent allocable to the portion of such period beginning before and ending on the Closing Date), (v) any liability resulting from all actions, causes of action, suits, claims, demands, grievances, arbitration awards and any costs whatsoever which may be asserted by any of the employees of the Seller against Purchaser which arise by reason of the employment of such employee by Seller prior to the Closing Date, (vi) any liability resulting from or arising out of the Special Indemnity Litigation, and (vii) any liability arising out of Seller's failure to comply with the bulk sales or transfer law of any jurisdiction.

(b) Purchaser and Sphere 3D will jointly and severally indemnify, defend and hold harmless Seller and its officers, directors, employees, shareholders and agents against Damages incurred or suffered as a result of or arising out of (i) the failure of any representation or warranty made by Purchaser in Article VII to be true and correct as of the Closing Date, (ii) the breach of any covenant or agreement made or to be performed by Purchaser pursuant to this Agreement, (iii) any liability of Purchaser for unpaid Taxes relating to the Business with respect to any Tax year or portion thereof beginning on the Closing Date (or for any Tax year beginning before and ending after the Closing Date to the extent allocable to the portion of such period beginning on the Closing Date), (iv) any Assumed Liabilities, (vi) any liability resulting from all actions, causes of action, suits, claims, demands, grievances, arbitration awards and any costs whatsoever which may be asserted by any of the Affected Employees against Purchaser which arise by reason of the employment of such employee by Purchaser after the Closing Date.

10.3 Procedures.

(a) If any Person who or which is entitled to seek indemnification under Section 10.2 (an "Indemnified Party") receives notice of the assertion or commencement of any Third-Party Claim against such Indemnified Party with respect to which the Person against whom or which such indemnification is being sought (an "Indemnifying Party") is obligated to provide indemnification under this Agreement, the Indemnified Party will give such Indemnifying Party reasonably prompt written notice thereof, but in any event not later than ten (10) days after receipt of such written notice of such Third-Party Claim. Such notice by the Indemnified Party will describe the Third-Party Claim in reasonable detail, will include copies of all available material, written evidence thereof and will indicate the estimated amount, if reasonably practicable, of the Damages that has been or may be sustained by the Indemnified Party. The Indemnifying Party will have the right to participate in, or, by giving written notice to the Indemnified Party, to assume, the defense of any Third-Party Claim at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel (reasonably satisfactory to the Indemnified Party), and the Indemnified Party will cooperate in good faith in such defense.

(b) If, within ten (10) days after giving notice of a Third-Party Claim to an Indemnifying Party pursuant to Section 10.3(a), an Indemnified Party receives written notice from the Indemnifying Party that the Indemnifying Party has elected to assume the defense of such Third-Party Claim as provided in the last sentence of Section 10.3(a), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third-Party Claim within ten (10) days after receiving written notice from the Indemnified Party that the Indemnified Party reasonably believes the Indemnifying Party has failed to take such steps or if the Indemnifying Party has not undertaken fully to indemnify the Indemnified Party in respect of all Damages relating to the matter, the Indemnified Party may assume its own defense and the Indemnifying Party will be liable for all reasonable costs and expenses paid or incurred in connection therewith. Without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed, the Indemnifying Party will not enter into any settlement of any Third-Party Claim which would lead to liability or create any financial or other obligation on the part of the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder, or which provides for injunctive or other non-monetary relief applicable to the Indemnified Party, or does not include an unconditional release of all Indemnified Parties. If a firm offer is made to settle a Third-Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party will give written notice to the Indemnified Party to that effect. If the Indemnified Party fails to consent to such firm offer within five (5) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third-Party Claim and, in such event, the maximum liability of the Indemnifying Party to the Indemnified Party as to such Third-Party Claim will not exceed the amount of such settlement offer. The Indemnified Party will provide the Indemnifying Party with reasonable access during normal business hours to books, records and employees (if still in their employ) of the Indemnified Party necessary in connection with the Indemnifying Party's defense of any Third-Party Claim which is the subject of a claim for indemnification by an Indemnified Party hereunder.

(c) Any claim by an Indemnified Party on account of Damages which does not result from a Third-Party Claim (a "Direct Claim") will be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than ten (10) days after the Indemnified Party becomes aware of such Direct Claim. Such notice by the Indemnified Party will describe the Direct Claim in reasonable detail, will include copies of all available material, written evidence thereof and will indicate the estimated amount, if reasonably practicable, of Damages that has been or may be sustained by the Indemnified Party. The Indemnifying Party will have a period of thirty (30) days after receipt thereof within which to respond in writing to such Direct Claim. If the Indemnifying Party does not respond in writing within the thirty (30) day period, the Indemnifying Party will be deemed to have rejected such Direct Claim and will be free to pursue remedies available to the Indemnifying Party on the terms and subject to the provisions of this Agreement.

(d) A failure to give timely notice or to include any specified information in any notice as provided in Section 10.3(a), 10.3(b) or 10.3(c) will not affect the rights or obligations of any party hereunder, except and only to the extent that, as a result of such failure, any party which was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise materially prejudiced as a result of such failure.

10.4 Treatment of Indemnification Payments.

(a) Any amount paid by Seller or Purchaser under Section 9.2 will be treated as an adjustment to the Purchase Price.

(b) Payment of any Damages by the Seller to the Purchaser due and payable, as finally determined, under this Agreement shall be applied in the order set forth below:

(i) a reduction from the Holdback Shares, at an ascribed price equal to the value that such Holdback Shares were first issued as set forth in Section 4.2(b);

(ii) the Earn-Out Amount, to the extent it has been realized at the time of such Claim; and

(iii) At the election of Seller, either from the cash or from the Initial Shares, at an ascribed price equal to the value that such Initial Shares were first issued as set forth in Section 4.2(b).

10.5 Indemnification Amounts Net of Benefits Received. The amount of Damages for which indemnification is provided under Section 10.2 shall be computed net of (i) any insurance proceeds received by the Indemnified Party in connection with such Damages (reduced by all costs and expenses related thereto and any retroactive or other premium increase or expense resulting therefrom), (ii) Tax benefits insuring to Purchaser or any of its Affiliates as a result of the matter that entitled the Purchaser to indemnification thereof, and (iii) any proceeds actually received by Purchaser from any separate indemnification, contribution or right-over from or against, or insurance proceeds actually recovered from, any person or entity who is not an Affiliate of Purchaser. Purchaser will seek full recovery under all insurance policies covering any damages to the same extent as it would if such damages were not subject to indemnification under this Agreement.

10.6 Other Indemnification Provisions. Except as relates to the fraudulent act by any party, the foregoing indemnification provisions shall constitute the sole and exclusive remedy for monetary damages in respect of any breach of or default under this Agreement by any party and each party hereby waives and releases any and all statutory, equitable, or common law remedy for monetary damages any party may have in respect of any breach of or default under this Agreement.

10.7 Indemnification Limitations.

(a) Exclusive of the adjustment for Closing Receivables set forth in Section 4.5(c), Purchaser shall not be entitled to indemnification under this Article X unless the aggregate of Seller's obligations to Purchaser pursuant to this Article X (but for this Section 10.7(a)) exceeds $25,000, and once this threshold has been exceeded, the Seller shall indemnify Purchaser for all obligations (including for greater certainty the first $25,000) (the "Basket"). For greater clarity, the Holdback Shares shall be reduced on a dollar-for-dollar basis for any Closing Receivable that remains uncollected as of the Holdback Payment Date, regardless of whether the Basket has been exceeded. Seller shall not have any liability for indemnification obligations to the extent the matter in question has specifically been reserved for in a line item in the Financial Statements of Seller delivered hereunder.

(b) Seller shall not have any liability for indemnification obligations under this Article X to the extent the aggregate of Seller's indemnification obligations to Purchaser pursuant to this Article X (but for this Section 10.7(b)) exceeds the Purchase Price plus the Earn-Out Amount actually earned and paid (the "Cap").

(c) Neither the Cap nor Basket shall apply to a claim for fraud or for any indemnification Purchaser shall be entitled to with respect to the Special Indemnity Litigation.

ARTICLE XI

MISCELLANEOUS

11.1 Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) when delivered personally to the recipient, (ii) one (1) Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid), (iii) one (1) Business Day after being sent to the recipient by facsimile transmission or electronic mail, or (iv) five (5) Business Days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid and provided no postal strike is in effect or comes into effect within two (2) Business Days of such mailing, and addressed to the intended recipient as set forth below:

If to any Seller:	V3 Systems, Inc. 12159 S. Business Park Drive Suite 140 Draper, UT 84020 Attention: Eric E. Lindstrom, CEO Telecopier: (801) 783-1924
Copy to:	Snell & Wilmer, LLP 15 West South Temple, Suite 1200 Gateway Tower West Salt Lake City, UT 84101-1547 Attention: Brad Merrill, Esq. Telecopier: (801) 257-1800
If to Purchaser or Sphere 3D:	Sphere 3D Corporation 240 Matheson Blvd. East Mississauga, ON L4Z 1X1 Attention: Scott Worthington, CFO Telecopier: (905) 282-9966
Copy (which shall not constitute notice) to:	Meretsky Law Firm 121 King Street West, Suite 2150 Standard Life Centre Toronto, ON M5H 3T9 Attention: Jason D. Meretsky Telecopier: (416) 943-0811

Any party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

11.2 Amendments and Waivers.

(a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will 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 will be cumulative and not exclusive of any rights or remedies provided by Law.

11.3 Expenses. Each party bear its own costs and expenses (including legal fees and expenses and the fees and expenses of any broker, finder, financial advisor, investment banker, legal advisor or similar person engaged by such party) incurred in connection with the making of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby, except for the Neutral Accountant fees described in Section 4.4(c).

11.4 Successors and Assigns. The provisions of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement (including any transfer by way of merger or operation of law) without the consent of each other party hereto; provided that Purchaser may assign its rights and obligations under this Agreement to a wholly-owned Affiliate of Purchaser, it being understood that such assignment will not relieve Purchaser from its obligations hereunder. Any assignment in violation of the preceding sentence will be void *ab initio.*

11.5 No Third-Party Beneficiaries. Except as provided in Section 11.4, this Agreement is for the sole benefit of the parties hereto and their permitted successors and assigns, and nothing herein expressed or implied will give or be construed to give to any Person, other than the parties hereto and such permitted successors and assigns, any legal or equitable rights hereunder.

11.6 Governing Law. This Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the Laws that might otherwise govern under principles of conflict of laws thereof.

11.7 Confidentiality, Press Releases and Public Announcements. Except as otherwise agreed to by Purchaser in writing and except as otherwise required by Law, Seller agrees to keep in confidence the terms of this Agreement and the transactions proposed herein (including the existence of this Agreement). No party shall issue any press release or make any public announcement relating to the subject matter of this Agreement prior to the Closing without the prior written approval of the other party; provided, however, that Purchaser may make any public disclosure it believes in good faith is required by applicable Law or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing party will use its reasonable best efforts to advise the other party prior to making the disclosure).

11.8 Dispute Resolution

(a) If a dispute arises with respect to the rights, obligations or performance under this Agreement by Seller, on the one hand, and Purchaser or Sphere 3D, on the other hand, each Party represented by a senior executive officer, which with respect to Seller may also be an employee of Purchaser (each, a "Dispute Representative") shall consider the dispute for up to twenty (20) days following receipt of a notice from either Party specifying the nature of the dispute (the "Initial Dispute Resolution Period"), during which time the Dispute Representatives shall confer directly at least once and attempt to resolve the dispute in good faith.

(b) In the event of any dispute referred to in Section 11.8(a) that is not resolved by the end of the Initial Dispute Resolution Period, any of Seller or Purchaser may initiate negotiation proceedings by giving written notice to the other Party, setting forth the particulars of the dispute and requesting that the parties meet to resolve the dispute. Within ten (10) days after receipt of such letter, the parties shall meet on at least two occasions to attempt to resolve the matter. If the controversy is not resolved by informal negotiations within twenty (20) days after the receipt of the written notice, the matter may be referred by either Party to a retired judge or justice situated in New York, New York, USA and selected in accordance with the rules of JAMS (the "Mediator") for non-binding mediation. Such mediation shall occur in an informal, non-binding conference or conferences between the Parties in which the Mediator shall seek to guide the parties to resolution on the matter. At least ten (10) Business Days before said mediation, each Party shall submit to the Mediator a written statement of not more than ten (10) pages setting forth the dispute. All fees and costs incurred in connection with this mediation shall be equally borne by the parties. If neither Party refers the dispute to a Mediator, either Party may elect to pursue litigation in a court of competent jurisdiction with respect to such matter subject to the requirements of Sections 11.9 and 11.10.

(c) Notwithstanding anything else set forth in this Section 11.8, in the event that a Party breaches this Agreement, any non-breaching party may apply to a court of competent jurisdiction for emergency injunctive relief during or prior to the invocation of the dispute resolution procedures set forth in this Section 11.8.

11.9 Jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in the federal courts in the City of Dover, Delaware. Each of the parties (i) consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding, (ii) irrevocably waives, to the fullest extent permitted by Law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum, (iii) will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iv) will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than such courts. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 11.1 will be deemed effective service of process on such party.

11.10 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.11 Counterparts and Facsimile. This Agreement (including any documents referenced herein) may be executed in one or more counterparts and by means of facsimile signature, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

11.12 Headings. The headings in this Agreement are for convenience of reference only and will not control or affect the meaning or construction of any provisions hereof.

11.13 Entire Agreement. This Agreement (including the Schedules and Exhibits hereto) and the Ancillary Documents constitute the entire agreement among the parties with respect to the subject matter of this Agreement. This Agreement (including the Schedules and Exhibits hereto) and the Ancillary Documents supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof of this Agreement.

11.14 Severability; Injunctive Relief.

(a) The provisions of this Agreement are severable. If any provision of this Agreement is held invalid, illegal or otherwise unenforceable, in whole or in part, the remaining provisions or enforceable parts thereof will not be affected thereby and will be enforced to the fullest extent permitted by Law. In addition, should any provision or any portion thereof ever be adjudicated by a court of competent jurisdiction to exceed the time or other limitation permitted by applicable Law as determined by such court in such action, then such provisions will be decreased, performed to the maximum time or other limitations prescribed by applicable Law, the parties acknowledging their desire that in such event such action be taken.

(b) The parties acknowledge and agree that the provisions of Section 8.6 are reasonably necessary to protect the legitimate interests of Purchaser, its Affiliates and their businesses and (i) that any violation of Section 8.6 may result in irreparable injury to Purchaser and its Affiliates, the exact amount of which may be difficult to ascertain and (ii) the remedies at Law for which may not be reasonable or adequate compensation to Purchaser and its Affiliates for such a violation. Accordingly, Seller agrees that if it violates any of the provisions of Section 8.6, in addition to any other remedy available at Law or in equity, Purchaser may be entitled to seek specific performance or injunctive relief without posting a bond, or other security.

11.15 Certain Interpretive Matters.

(a) When a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference will be to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. Whenever the words, "include," "includes" or "including" are used in this Agreement, they will be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The words "made available" and words or similar import when used in this Agreement refer to the provision of the applicable document in the data room located at https://legalanywhere.net/swlaw/default.asp at least three (3) Business Days prior to the Closing Date. All terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. All references to "$" or dollar amounts will be to lawful currency of the United States of America. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns. Each accounting term not otherwise defined in this Agreement has the meaning assigned to it in accordance with GAAP. All references to Laws in this Agreement will include any applicable amendments thereunder. To the extent the term "day" or "days" is used, it will mean calendar days unless referred to as a Business Day.

(b) No provision of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof.

(c) All references to the "knowledge of Seller" or to words of similar import will be deemed to be references to the actual knowledge of the following officers of Seller: Eric E. Lindstrom and Christopher Chabot, which knowledge will include such knowledge as such officers or directors have after due inquiry by such individual.

11.16 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Seller and Purchaser;

(b) by Purchaser by written notice to Seller if:

(i) Purchaser is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article IX and such breach, inaccuracy or failure cannot be cured by Seller by February 28, 2014 (the "Drop Dead Date"); or

(ii) any of the conditions set forth in Section 9.1 shall not have been satisfied (or otherwise waived by the Purchaser) by the Drop Dead Date, unless such failure shall be due to the failure of Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) by Seller by written notice to Purchaser if:

(i) Seller is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Purchaser pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article IX and such breach, inaccuracy or failure cannot be cured by Purchaser by the Drop Dead Date; or

(ii) any of the conditions set forth in Section 9.2 shall not have been satisfied (or otherwise waived by the Seller) by the Drop Dead Date, unless such failure shall be due to the failure of Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; or

(d) by Purchaser or Seller in the event that:

(i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or

(ii) any Governmental Authority shall have issued an order restraining or enjoining the transactions contemplated by this Agreement, and such order shall have become final and non-appealable.

(e) In the event of the termination of this Agreement in accordance with this Section 11.15, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(i) as set forth in this Section 11.15 and Article XI hereof; and

(ii) that nothing herein shall relieve any party hereto from liability for any intentional breach of any provision hereof.

11.17 Schedules. The following schedules form part of this Agreement:

Exhibits	
Exhibit A	Allocation of Purchase Price
Exhibit B-1	Opinion of Counsel to Seller
Exhibit B-2	Opinion of Counsel to Purchaser
Exhibit C	Seller Interim Funding Note
Schedules	
Schedule 1.1(B)	Seller Hardware
Schedule 1.1(C)	Seller Software
Schedule 2.1(a)(xvi)	Right to Use Names
Schedule 2.2(a)(xx)	Assumed Contracts
Schedule 2.2	Excluded Assets
Schedule 3.1	Assumed Supplier Obligations
Schedule 4.2	Payment Instructions
Schedule 4.3	Revenue Recognition Policy of Seller dated May 1, 2011
Schedule 6.3	Governmental Authorization
Schedule 6.4	Non-Contravention; Consents
Schedule 6.6	Balance Sheet of V3 Systems, Inc.
Schedule 6.8	Absence of Certain Changes; No Default
Schedule 6.9(a)	Contracts
Schedule 6.9(b)	Contracts – Additional Information
Schedule 6.10	Open Customer Contracts
Schedule 6.11	Maintenance and Support Contracts
Schedule 6.12	Insurance Coverage
Schedule 6.13	Litigation
Schedule 6.13A	Special Indemnity Litigation
Schedule 6.15(a)	Liens
Schedule 6.15(b)	Real Property
Schedule 6.15(c)	Fixed Assets
Schedule 6.16	Sufficiency of Assets
Schedule 6.17	Intellectual Property Rights of Seller
Schedule 6.18	Affiliated Transactions
Schedule 6.19	Customers and Suppliers
Schedule 6.20	Labor and Employment Matters
Schedule 6.21	Benefit Plans
Schedule 6.22	Accounts Receivable
Schedule 6.23	Customer Deposits
Schedule 6.24	Prepaid Expenses
Schedule 7.8	Sphere 3D Capitalization
Schedule 8.10	Affected Employees

(a) The Seller shall deliver its initial draft of Exhibit A and the Schedules (other than Schedule 6.13A, which shall be delivered to Seller on, and effective as of the Effective Date, and Schedules 7.8 and 8.10, each of which shall be delivered to Seller within five (5) Business Days after the Effective Date) to Purchaser within ten (10) Business Days after the Effective Date, and shall deliver its final version of the Schedules, together with written notice that such version of the Schedules is the final version (the "Final Schedules"), to Purchaser on or before the date that is five (5) Business Days prior to the expected Closing Date. The Final Schedules delivered pursuant to this Agreement shall be in writing and shall qualify this Agreement. Descriptions of terms or documents summarized in the Final Schedules shall be qualified in their entirety by the documents themselves.

(b) From time to time after delivery of the Final Schedules and prior to the Closing, Seller shall have the right (but not the obligation) to supplement or amend the Final Schedules hereto with respect to any matter hereafter arising or of which it becomes aware after the Effective Date (each a "Schedule Supplement"). Any disclosure in any such Schedule Supplement shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement, including for purposes of the indemnification or termination rights contained in this Agreement or of determining whether or not the conditions set forth in Section 9.1 have been satisfied; provided, however, that if Purchaser has the right to, but does not elect to, terminate this Agreement within five (5) Business Days of its receipt of such Schedule Supplement, then Purchaser shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to such matter and, further, shall have irrevocably waived its right to indemnification under Section 10.2 with respect to such matter.

(c) All Section headings in the Final Schedules or the Schedule Supplement correspond to the Sections of this Agreement, but information provided in any Section of the Schedules shall constitute disclosure for purposes of each Section of this Agreement where such information is relevant.

[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the Effective Date.

V3 SYSTEMS, INC.

By: ”*Eric E. Lindstrom*”
Eric E. Lindstrom
Chief Executive Officer

V3 SYSTEMS HOLDINGS, INC.

By: “*Peter Tassiopoulos*”
Peter Tassiopoulos
Chief Executive Officer

SPHERE 3D CORPORATION

By: “*Peter Tassiopoulos*”
Peter Tassiopoulos
Chief Executive Officer

[Signature Page to Asset Purchase Agreement]

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JULY 22, 2014.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE INCLUDING THE SECURITIES ISSUABLE ON CONVERSION OF THIS DEBENTURE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL JULY 22, 2014.

THE SECURITIES REPRESENTED HEREBY, AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF, HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF SPHERE 3D CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO SPHERE 3D CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION AFTER PROVIDING A LEGAL OPINION OR OTHER EVIDENCE SATISFACTORY TO SPHERE 3D CORPORATION.

SPHERE 3D CORPORATION
8% SENIOR SECURED CONVERTIBLE DEBENTURE
Due: MARCH 21, 2018

USD$5,000,000

SPHERE 3D CORPORATION (the "**Corporation**") for value received, hereby acknowledges itself indebted and, subject to the provisions hereinafter mentioned, promises to pay to or to the order of **FBC HOLDINGS S.A.R.L.** (the "**Holder**") on March 21, 2018 or on such earlier date as the principal amount hereof may become due in accordance with the provisions hereunder (the "**Maturity Date**") the principal sum of $5,000,000 in lawful money of the United States on presentation and surrender of this Debenture at the principal office of the Corporation in Mississauga, Ontario and to pay interest on the principal amount hereof from and including the date hereof, at the rate of 8% per annum calculated and payable in the manner described herein (less any tax required by law to be deducted), and should the Corporation at any time fail to make payment of any principal or interest, to pay interest on the amount of interest unpaid at the same rate, in like money. The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect, at the times, but subject to the limitations provided hereunder.

The indebtedness evidenced by this Debenture is a direct secured obligation of the Corporation, which is secured by a first ranking Lien (as defined below) over the Collateral (as defined below), subject to Permitted Liens (as defined below) and except as may otherwise be provided for pursuant to the terms of the Debenture.

This Debenture may only be transferred with the prior written consent of the Corporation, upon compliance with the conditions prescribed herein, in the register to be kept at the principal office of the Corporation or in such other place or places as the Corporation may designate, by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Corporation, and upon compliance with such reasonable requirements as the Corporation may prescribe.

ARTICLE 1
GENERAL MATTERS

1.1 Definitions

In this Debenture, unless there is something in the subject matter or context inconsistent therewith:

“**Board of Directors**” means the board of directors of the Corporation;

“Business Day” means any day which is not a Saturday or Sunday or bank holiday in the City of Toronto, Ontario and the City of New York, New York;

“**Capital Lease**” means a capital lease or a lease which should be treated as a capital lease under IFRS;

“**Capital Lease Lessor**” means any lessor under a Capital Lease entered into by the Corporation in the ordinary course of business.

“**Collateral**” means the Corporation’s Property subject to the Liens created hereunder and under the Collateral Documents;

“**Collateral Documents**” means any agreements, instruments and documents delivered from time to time to the Holder by the Corporation for the purpose of establishing, perfecting, preserving or protecting any Liens granted to the Holder over the Property of the Corporation as security for the obligations of the Corporation with respect to the Debenture;

“**Commercial Lender**” has the meaning ascribed thereto in Section 2.4;

“**Common Share Interest Repayment Right**” has the meaning given to it in Section 2.3(d);

“**Common Shares**” means common shares in the capital of the Corporation as such shares are constituted on the date hereof, as the same may be reorganized, reclassified or otherwise changed pursuant to any of the events set out in Section 3.5;

“**Conversion Date**” means the date on which the Debenture so surrendered for conversion is received by the Corporation with a duly executed Conversion Form, and in the event the register for the Debenture is closed shall be the next date on which such registers are open;

“**Conversion Form**” means the form of conversion attached to the back of this Debenture Certificate as Appendix 2;

“**Conversion Price**” means $7.50 per Common Share, subject to adjustment in certain circumstances as provided for in Section 3.5.

"**Convertible Securities**" means any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exercisable or exchangeable for Common Shares.

"**Corporation**" means Sphere 3D Corporation, and includes any successor thereto which shall have complied with the provisions of Article 10;

"**Counsel**" means a barrister or solicitor or firm of barristers and solicitors retained by the Corporation;

"**Current Market Price**" per Common Share at any date shall be the weighted average price per Common Share for the last 10 days on which the Common Shares traded, ending on the day before such date, on the Exchange, or, if the Common Shares are not listed on any stock exchange, then on the over-the-counter market. The weighted average price per Common Share shall be determined by dividing the aggregate sale price of all Common Shares sold on such exchange or market, as the case may be, during the said 10 trading days by the total number of Common Shares so sold on the Exchange or market;

"**Debenture Certificate**" means this Debenture Certificate;

"**Debenture**" means the 8% Senior Secured convertible redeemable debenture issued by the Corporation on the date hereof and due on the Maturity Date;

"**Director**" means a director of the Corporation for the time being and "Directors" means the board of directors of the Corporation or, whenever duly empowered, the executive committee (if any) of the board of directors of the Corporation for the time being, and reference to action by the Directors means action by the directors as a board or action by the executive committee of the board as a committee;

"**Event of Default**" has the meaning attributed to such term in Section 8.1;

"**Exchange**" means the TSX Venture Exchange or such other recognized stock exchange upon which the Common Shares are listed from time to time provided that only the following stock exchanges shall be a recognized stock exchange for purposes hereof: New York Stock Exchange, NASDAQ, Toronto Stock Exchange and TSX Venture Exchange;

"**Forced Conversion Date**" means the date that the Forced Conversion Event occurs;

"**Forced Conversion Event**" has the meaning attributed to such term in Section 3.3(a);

"**Guarantors**" has the meaning given to it in Section 11.1;

"**Holder**" with respect to a Debenture means FBC HOLDINGS S.A.R.L., its designees or assigns, being the Person in whose name such Debenture is registered by the Corporation;

"**IFRS**" means the international financial reporting standards adopted by the International Accounting Standards Board, as amended from time to time;

"**Interest Termination Date**" means the earliest to occur of the Forced Conversion Date, the Conversion Date and the Maturity Date;

"**Interest Rate**" has the meaning given to it in Section 2.3(b);

"**Lien**" means, in respect of any Person, any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, hypothecation or security interest granted or permitted by such Person or arising by operation of law, in respect of any of such Person's Property, or any consignment or Capital Lease of Property by such Person as consignee or lessee or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligation, and "Liens" shall have corresponding meanings;

"**Material Adverse Effect**" shall mean (a) a material adverse effect on the business, operations, performance, properties, assets, or condition (financial or otherwise) of the Corporation and its Subsidiaries taken as a whole, (b)(i) an adverse effect on the legality, validity or enforceability of the Debenture, or (ii) an adverse effect on the validity, enforceability, perfection or priority of any Lien created under any of the Collateral Documents which could reasonably be considered material having regard to the Collateral Documents taken as a whole, or (c) an adverse effect on the right, entitlement or ability of the Corporation or its Subsidiaries to pay or perform any of their debts, liabilities or obligations under any the Debenture or the Collateral Documents, as applicable, which could reasonably be considered material having regard to the Corporation and its Subsidiaries taken as a whole;

"**Material Contracts**" means, collectively, each written agreement, arrangement or understanding entered into by the Corporation or any of its Subsidiaries which, if terminated or expired could reasonably be expected to have a Material Adverse Effect;

"**Material Licenses**" means, collectively, each license, permit or approval issued by any governmental authority, or any applicable stock exchange or securities commission, to the Corporation or any of its Subsidiaries, the breach or loss of which could reasonably be expected to result in a Material Adverse Effect;

"**Maturity Date**" means March 21, 2018, or such earlier date on which the entire principal owing pursuant to this Debenture is due and payable by the Corporation;

"**Permitted Liens**" means, with respect to any Person, the following:

(a) liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under IFRS are maintained;

(b) undetermined or inchoate liens, rights of distress and charges incidental to current operations which have not at such time been filed or exercised and of which the Holder has not been given notice, or which relate to obligations not due or payable, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person;

(c) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit acquired by that Person or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(d) the Lien resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workmen's compensation, employment insurance, surety or appeal bonds, costs of litigation when required by law;

(e) Liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar Liens, and public, statutory and other like obligations incurred in the ordinary course of business;

(f) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of its business;

(g) the Lien created by a judgment of a court of competent jurisdiction, as long as the judgment is being contested diligently and in good faith by appropriate proceedings by that Person and does not result in an Event of Default;

(h) the Collateral Documents and any Liens arising thereunder;

(i) Liens relating to Specified Priority Encumbrances;

(j) Liens or any rights of distress that are either (i) requirements of applicable law, or (ii) reserved in or exercisable under any lease or sublease to which it is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such Liens do not extend to assets other than those at the relevant leased location;

(k) encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property which do not materially detract from the value of such property or impair the use thereof in the business of such Person; and

(l) Liens securing the interest of any Capital Lease Lessor on such Person's Property or a secured party's purchase money security interest over certain property as a result of such secured party financing all or part of such property; provided, that, (i) the indebtedness secured thereby is otherwise permitted by this Debenture and (ii) such Liens are limited to the property acquired and do not secure indebtedness other than the related Capital Lease obligations or the purchase price of such property;

"**Person"** shall be interpreted broadly and shall include any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or partnership with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or governmental authority or entity, however designated or constituted;

"**Property**" means, with respect to any Person, all or any portion of its undertaking, property and assets, both real and personal, moveable and immovable, tangible and intangible, of every nature and kind whatsoever, wheresoever situate, both present and future, now owned or hereinafter acquired, including for greater certainty, any and all intellectual property rights, any proceeds from the sale or other disposition thereof and any share in the capital of a corporation or equity interests in any other Person;

“**Security**” means the grants, assignments, transfers, mortgages, charges, pledges and security interests granted to and in favour of the Holder in this Debenture;

“**Senior Indebtedness**” has the meaning ascribed thereto in Section 2.4;

“**Shareholders**” means the shareholders of the Corporation, from time to time;

“**Specified Priority Encumbrance**” has the meaning ascribed thereto in Section 2.4;

“**Subsidiary**” means, in relation to the Corporation, any entity, including a corporation, trust, partnership or limited partnership, which is controlled, directly or indirectly, by the Corporation;

“**Tax**” or “**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, royalties, duties, deductions, or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments, and any interest, fines and penalties, imposed by any governmental authority in relation to the foregoing; and

“**this Debenture**”, “this Debenture Certificate”, “hereto”, “hereby”, “hereunder”, “hereof”, “herein” and similar expressions refer to this debenture and not to any particular Article, Section, subsection, paragraph, subdivision or other portion hereof.

1.2 Meaning of “outstanding” for Certain Purposes

The Debenture delivered by the Corporation hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Corporation for cancellation, or a new Debenture shall be issued in substitution therefor under Section 2.9 or moneys for the payment thereof shall be set aside under Article 9, provided that:

(a) where a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one such Debenture shall be counted for the purpose of determining the aggregate principal amount of the Debentures outstanding; and

(b) a Debenture which has been partially purchased shall be deemed to be outstanding only to the extent of the unpurchased part of the principal amount thereof.

1.3 Interpretation Not Affected By Headings, etc.

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

1.4 Statute References

Any reference in this Debenture to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time.

1.5 Monetary References

Any reference in this Debenture to “Dollars”, “dollars” or the sign “$” shall be deemed to be a reference to lawful money of the United States.

1.6 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.

1.7 Invalidity of Provisions

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

1.8 Governing Law

The Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts and the parties irrevocably attorn to the jurisdiction of the courts of Ontario.

1.9 Expenses

Each party bear its own costs and expenses (including legal fees and expenses and the fees and expenses of any broker, finder, financial advisor, investment banker, legal advisor or similar person engaged by such party) incurred in connection with the making of this Debenture, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby.

1.10 Context

Words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine gender and vice versa.

ARTICLE 2
THE DEBENTURE

2.1 Terms of the Debenture

(a) The Debenture shall be designated "8% Senior Secured Convertible Redeemable Debenture", shall be dated as of the date hereof, shall mature on the Maturity Date and shall be payable, and earn interest at the Interest Rate (subject to Section 2.3) from and including the date hereof, in the manner described hereunder.

(b) During the term commencing on the date hereof and ending on the Interest Termination Date, the Debenture shall bear interest at the Interest Rate, payable after as well as before maturity, default and judgment and with interest on any amounts in default at the same rate. Interest shall accrue but not be payable until the Interest Payment Date.

(c) The principal of the Debenture and interest thereon due on the Maturity Date will be made payable in lawful money of the United States against surrender of the Debenture by the Holder thereof at the principal office of the Corporation.

(d) Upon the occurrence of a Forced Conversion Event, the Corporation may repay all of the principal amounts and interest accrued on the Debenture at any time prior to the Maturity Date in accordance with Section 3 hereof.

2.2 Execution of Debenture

The Debenture shall be signed (either manually or by facsimile signature) by any duly authorized officer of the Corporation. A facsimile signature upon the Debenture shall for all purposes hereof be deemed to be the signature of the individual whose signature it purports to be and to have been signed at the time such facsimile signature is reproduced.

2.3 Concerning Interest

(a) Interest for any period of less than 12 months shall be computed on the basis of a year of 365 days (366 days if such period falls within a leap year).

(b) Prior to the Interest Termination Date, the Debenture shall bear interest from, and including, the date of issue at the rate equal to 8.0% percent per annum, payable in arrears in equal semi-annual payments (the "**Interest Rate**") (with the exception of the first interest payment and the last interest payment, which will include interest as set forth below) on June 30th and December 31st in each year (each, an "**Interest Payment Dat**e"), and the last such payment (representing interest payable from the last Interest Payment Date) to fall due on the Maturity Date, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate.

(c) Interest on the Debenture shall cease to accrue on the Interest Termination Date unless, upon due presentation and surrender thereof for payment or conversion on or after the Interest Termination Date, such payment is withheld or refused.

(d) The Corporation may, at its option, subject to applicable regulatory approval, elect to satisfy its obligation to pay (less any taxes required to be deducted) interest due in respect of the Debenture on each Interest Payment Date or the Maturity Date, in whole or in part (the "**Common Share Interest Repayment Right**") by issuing and delivering to the Holder on the Interest Payment Date, that number of Common Shares obtained by dividing the aggregate amount of the interest owing to Holder by the Current Market Price of the Common Shares on the Interest Payment Date. No fractional Common Shares shall be delivered upon the exercise of the Common Share Interest Repayment Right but, in lieu thereof, the Corporation shall pay to the Holder the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares on the Interest Payment Date (less any tax required to be deducted, if any).

2.4 Ranking and Subordination

The Debenture is a direct secured obligation of the Corporation, which is secured by a first ranking Lien over the Collateral, subject to Permitted Liens. Notwithstanding, the Holder hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver a subordination agreement or priority agreement, in form and substance reasonably requested by the Corporation and take all other actions reasonably requested by the Corporation, to subordinate the security interest of the Holder in favour of any bank, financial company, or commercial lender (each a "**Commercial Lender**"), provided that the Corporation's indebtedness owed to such Commercial Lender does not exceed $3,000,000. The obligations and indebtedness owing to such Commercial Lenders and to Capital Lease Lessors are collectively referred to herein as the "**Senior Indebtedness**" and the senior ranking priorities of such Commercial Lenders and Capital Lease Lessors are collectively referred to as the "**Specified Priority Encumbrance**".

2.5 Registration of the Debenture

(a) The address of the Holder shall be as set forth in Section 13.2 hereof. The Corporation shall keep, at its principal office, a central register in which shall be entered the name and latest known address of the Holder and the other particulars, as prescribed by law, of the Debenture held by such Holder.

(b) No transfer of a Debenture shall be effective as against the Corporation unless first consented to in writing by the Corporation, made on the appropriate register by the Corporation and upon compliance with such requirements as the Corporation may prescribe.

(c) The register referred to in this Section shall at all times during regular business hours be open for inspection by Holder upon prior written notice to the Corporation.

2.6 Ownership of the Debenture

(a) Payment of or on account of the principal of, and interest on the Debenture issued in the name of the Holder shall be made only to or upon the order in writing of the Holder thereof and such payment shall be a complete discharge to the Corporation for the amounts so paid.

(b) The Holder of the Debenture shall be entitled to the then-owing principal and interest evidenced by such Debenture, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate Holder thereof (except any equities of which the Corporation is required to take notice by law) and all Persons may act accordingly and a transferee of a Debenture shall, after the appropriate form of transfer is lodged with the Corporation and upon compliance with all other conditions required herein or by law, be entitled to be entered on the appropriate register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous Holder thereof, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

2.7 Exchange of the Debenture

(a) A Debenture of any denomination may be exchanged for a Debenture of any other authorized denomination or denominations, any such exchange to be for one or more Debentures of an equivalent aggregate principal amount. Exchanges of a Debenture may be made at the location of the register of Holders set forth in Section 2.6(a). Any Debenture tendered for exchange shall be surrendered to the Corporation and shall be cancelled.

(b) Except as otherwise provided herein, upon any exchange of a Debenture of any denomination for a Debenture of any other authorized denominations and upon any transfer of a Debenture, the Corporation may make a sufficient charge to reimburse it for any stamp tax, security transfer tax or other governmental charge required to be paid, and in addition a reasonable charge for its services for each Debenture exchanged or transferred, and payment of such charges shall be made by the party requesting such exchange or transfer as a condition precedent thereto.

2.8 Transfer of the Debenture

(a) No transfer of a Debenture shall be valid unless made on the register maintained by the Corporation for the Debenture and in accordance with applicable laws and upon compliance with the conditions herein by the registered Holder thereof or such Holder’s legal representatives, upon execution by the Holder of the transfer form attached as Appendix 1 to this Debenture Certificate and upon compliance with such reasonable requirements as the Corporation may prescribe. Upon compliance with the foregoing conditions and the surrender by the transferor of the Debenture Certificate representing the Debenture to be transferred at the place contemplated herein, the Corporation shall execute and deliver at the place where the relevant Debenture Certificate is surrendered or, if so required by the transferee, send by mail (at the risk of the transferee) to such address as the transferee may specify, a new Debenture Certificate registered in the name of the transferee evidencing such transferred Debenture. If less than all the Debentures evidenced by the Debenture Certificate so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Debenture Certificate registered in his name evidencing the Debentures not so transferred. All Debenture Certificates surrendered for registration of transfer shall be cancelled.

(b) Notwithstanding anything contained herein, the Corporation shall not register any transfer of a Debenture if it has reasonable grounds to believe that such transfer is otherwise not in accordance with applicable law.

(c) The Debenture has not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**") or the securities laws of any state of the United States and cannot be offered, sold, pledged or otherwise transferred or assigned in the United States or to or for the account of a U.S. person unless registered under the 1933 Act and the securities laws of all applicable states or unless an exemption from such registration requirements is available.

2.9 Replacement of Debenture

If the Debenture shall become mutilated or be lost, stolen or destroyed, the Corporation in its discretion, may issue and deliver a new Debenture upon surrender and cancellation of the mutilated Debenture, or, in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be of like tenor and maturity as this Debenture Certificate and the Holders thereof shall be entitled to the benefits equally with all other Debentures issued. In case of loss, theft or destruction, the applicant for a new Debenture shall furnish to the Corporation such evidence of such loss, theft or destruction as shall be satisfactory to the Corporation in its discretion, acting reasonably, and the applicant shall also furnish an indemnity in an amount and form satisfactory to the Corporation in its discretion, acting reasonably. The applicant shall pay all expenses incidental to the issuance of any such new Debenture.

2.10 Distribution on Insolvency or Liquidation

In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relating to the Corporation, or to its property or assets, or in the event of any proceedings for dissolution, voluntary liquidation or termination or other winding-up of the Corporation:

(a) the holders of all Senior Indebtedness, if any, will first be entitled to receive payment in full of the principal thereof, premium or penalty (or any other amount payable under such Senior Indebtedness), if any, and interest due thereon, before the Holder is entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in respect of the Debenture;

(b) any payment by, or distribution of assets of, the Corporation of any kind or character, whether in cash, property or securities (other than securities of the Corporation or any other person provided for by a plan of reorganization or readjustment), the payment of which is subordinate at least to the extent provided herein with respect to the Debenture, to the payment of all Senior Indebtedness, provided that (i) the Senior Indebtedness is assumed by the new person, if any, resulting from such reorganization or readjustment and (ii) without prejudice to the rights of such holders with respect to any such plan (including without limitation as to whether or not to approve same and on what conditions to do so), the rights of the holders of Senior Indebtedness are not altered adversely by such reorganization or readjustment) to which the Holders would be entitled, except for the provisions of Sections 2.10 and 2.11 will be paid or delivered by the person making such payment or distribution, whether a trustee in bankruptcy, a receiver, a receiver manager, a liquidator or otherwise, directly to the holders of Senior Indebtedness or their representatives, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness; and

(c) subject to Section 2.14, if, notwithstanding the foregoing, any payment by, or distribution of assets of, the Corporation of any kind or character, whether in cash, property or securities (other than securities of the Corporation as reorganized or readjusted or securities of the Corporation or any other person provided for by a plan of reorganization or readjustment) the payment of which is subordinate, at least to the extent provided in Sections 2.10 and 2.11 with respect to the Debenture, to the payment of all Senior Indebtedness, provided that (i) the Senior Indebtedness is assumed by the new person, if any, resulting from such reorganization or readjustment and (ii) without prejudice to the rights of such holders with respect to any such plan (including without limitation as to whether or not to approve same and on what conditions to do so), the rights of the holders of Senior Indebtedness are not altered adversely by such reorganization or readjustment), is received by the Holder before all Senior Indebtedness is paid in full, such payment or distribution will be held in trust for the benefit of, and will be paid over to the holders of such Senior Indebtedness or their representatives, for application to the payment of all Senior Indebtedness remaining unpaid until such Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness.

2.11 Subrogation of Debenture

Subject to the payment in full of all Senior Indebtedness, the Holders shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments and distributions of assets of the Corporation in respect of and on account of Senior Indebtedness, to the extent of the application thereto of moneys or other assets which would have been received by the Holder, but for the provisions of Sections 2.10 and 2.11 hereof, until the principal of and interest on, if any, the Senior Indebtedness shall be paid in full. No payment or distribution of assets of the Corporation to the Holders which would be payable or distributable to the holders of Senior Indebtedness pursuant to Sections 2.10 and 2.11 shall, as among the Corporation, its creditors (other than the holders of Senior Indebtedness) and the Holder, be deemed to be a payment by the Corporation to or on account of the Holder, it being understood that the provisions hereof are, and are intended, solely for the purpose of defining the relative rights of the Holder, on the one hand, and the holders of the Senior Indebtedness (or other indebtedness), on the other hand. Nothing contained in this Debenture is intended to or shall impair, as between the Corporation and its creditors (other than the holders of Senior Indebtedness (or other indebtedness), the obligation of the Corporation, which is unconditional and absolute, to pay to the Holder the principal of and interest on, if any, the Debenture, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Holder and the creditors of the Corporation, other than the holders of the Senior Indebtedness (or other indebtedness), nor shall anything herein or therein prevent the Holder from exercising all remedies otherwise permitted by applicable law upon default under this Debenture, subject to the rights, if any, under the provisions hereof, of the holders of Senior Indebtedness upon the exercise of any such remedy.

2.12 No Set-Off

The Corporation agrees and the Holder by his acceptance thereof, likewise agrees, that it shall have no right of set-off or counterclaim with respect to the principal of, premium, if any, and the interest on the Debenture at any time when any payment of, or in respect of, such amounts to the Holder is prohibited by the provisions of this Article 2 or is otherwise required to be paid to the holders of Senior Indebtedness (or other indebtedness) or their representative, as their respective interests may appear.

2.13 Rights of Holders of Senior Indebtedness Not Impaired

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any non-compliance by the Corporation with the terms, provisions and covenants of this Debenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

2.14 Altering the Senior Indebtedness

The holders of the Senior Indebtedness have the right to extend, renew, modify or amend the terms of the Senior Indebtedness (or other indebtedness) or any security therefor and to release, sell or exchange such security and otherwise to deal freely with the Corporation, all without notice to or consent of the Holder and without affecting the liabilities and obligations of the parties to this Debenture or the Holder.

2.15 Additional Indebtedness

This Debenture does not restrict the Corporation from incurring additional unsecured indebtedness which ranks junior to the indebtedness represented by the Debenture.

2.16 Withholding Taxes

Any and all payments by the Corporation hereunder to or for the benefit of the Holder will be made in full, free and clear of and without any deduction or withholding for or on account of any present or future taxes unless the Corporation is required by applicable law to so deduct or withhold, in which event the Corporation will:

(a) forthwith pay to Holder such additional amount so that the net amount received by the Holder after any deduction or withholding will equal the full amount which would have been received by it had no such deduction or withholding been made;

(b) make the deduction or withholding required by applicable law (including any deduction or withholding from any additional amount paid pursuant to subparagraph (a) above); and

(c) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding (including the full amount of any deduction or withholding from any additional amount paid pursuant to subparagraph (a) above).

2.17 Legends on the Debenture and Common Share Certificates

The Debenture and all Common Shares issuable upon conversion of the Debenture and all certificates issued in exchange therefor or in substitution thereof, if issued prior to the date that is four months and one day following the date hereof shall bear the following legends: "UNLESS PERMITTED UNDER SECURITIES LEGISLATION THE HOLDER OF THIS

SECURITY MUST NOT TRADE THE SECURITY BEFORE JULY 22, 2014."

And if applicable:

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE [For Debenture: INCLUDING THE SECURITIES ISSUABLE ON CONVERSION OF THIS DEBENTURE] MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL JULY 22, 2014."

2.18 U.S. Legend on the Debenture and Common Share Certificates

Neither the Debenture nor the Common Shares issuable upon conversion of the Debentures will be registered under any United States federal or state securities laws, and to the extent issued and sold in the United States or for the account or benefit of a U.S. Person or a person in the United States, shall bear the following additional legend until such time as the legend is no longer required under applicable requirements of the 1933 Act or applicable state securities laws (the "**U.S. Legend**"):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF SPHERE 3D CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO SPHERE 3D CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION AFTER PROVIDING A LEGAL OPINION OR OTHER EVIDENCE SATISFACTORY TO SPHERE 3D CORPORATION."

ARTICLE 3
CONVERSION OF THE DEBENTURE

3.1 Conversion Privileges and Conversion Price

(a) Upon and subject to the provisions and conditions of this Article 3, the Holder shall have the right, at any time prior to 5:00 p.m. (Toronto time) on the last Business Day prior to the Maturity Date, to convert in whole this Debenture (including accrued and unpaid interest to and including the Conversion Date) into Common Shares (subject to adjustment as provided for in Section 3.4) at the Conversion Price.

(b) Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of and accrued interest on the Debenture surrendered for conversion by the Holder thereof may be converted in accordance with the foregoing provisions of this Section. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 3.6.

3.2 Manner of Exercise of Right to Convert

(a) A Holder desiring to convert a Debenture into Common Shares shall surrender such Debenture to the Corporation at its principal office in the City of Mississauga, Ontario, Canada, together with the Conversion Form attached hereto as Appendix 2, or any other written notice in a form satisfactory to the Corporation, duly executed by the Holder or its legal representatives in form and executed in a manner satisfactory to the Corporation, exercising its right to convert such Debenture in accordance with the provisions of this Article 3. Thereupon such Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Corporation, his nominee(s) or assignee(s), shall be entered in the books of the Corporation as at the Conversion Date as the holder of the number of freely tradable (subject to expiration of any hold period under applicable securities laws) Common Shares into which such Debenture is convertible in accordance with the provisions of this Article 3 and, as soon as practicable thereafter, the Corporation shall deliver or cause to be delivered to such Holder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares.

(b) The Common Shares issued upon such conversion shall on and after the Conversion Date be deemed to be issued and outstanding as fully paid and non- assessable Common Shares on the date that the Corporation receives the Debenture and the Conversion Form in accordance with Section 3.2(a).

(c) As promptly as practicable after the Conversion Date, but in any event within ten (10) Business Days following the Conversion Date, the Corporation shall deliver a certificate representing the Common Shares in respect of which the conversion is being exercised, registered and delivered in accordance with the instructions contained in the Conversion Form.

3.3 Automatic Conversion

(a) The Corporation shall have the right, at any time that the Current Market Price exceeds 150% of the Conversion Price (the "**Forced Conversion Event**"), to require that the Debenture be converted into Common Shares at the Conversion Price in accordance with the procedures set forth in subsection 3.3(b).

(b) The Corporation shall deliver to the Holder written notice of the Forced Conversion Event, whereupon such Holder shall surrender its Debenture for conversion in accordance with the procedures set out in Section 3.2.

3.4 Prepayment Right

(a) The Corporation may, at any time prior to the close of business on March 21, 2015, prepay up to $5,000,000 of the principal amount of the Debenture (plus accrued but unpaid interest thereon), on not less than ten (10) Business Days' notice to the Holder, at a price equal to 120% of the aggregate of principal and interest being converted.

(b) The Corporation may, at any time following the close of business on March 21, 2015 and prior to the close of business on March 21, 2016, prepay up to $5,000,000 of the principal amount of the Debenture (plus accrued but unpaid interest thereon), on not less than ten (10) Business Days' notice to the Holder, at a price equal to 125% of the aggregate of principal and interest being converted.

(c) Upon receipt of any notice of prepayment delivered by the Corporation to the Holder pursuant to this Section 3.4, the Holder shall have five (5) Business Days within which to exercise its right of conversion under Section 3 in respect of the amount proposed to be prepaid, after which the right of the Holder to exercise its right of conversion under Section 3 shall be forfeited in respect of such prepaid amount provided that funds in respect of such prepaid amount are actually paid by the Corporation to the Holder within a further five (5) Business Days.

(d) All payments made by the Corporation pursuant to this Section 3.4 shall be made to such account as the Holder may specify from time to time, for value on the date when due, and shall be made in full in immediately available funds, without abatement, set-off or counterclaim for any reason whatsoever.

3.5 Adjustment of Conversion Price

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

(a) If and whenever at any time the Corporation shall (i) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (iii) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of the events referred to in (i) and (iii) above, be decreased in the proportion that the number of Common Shares outstanding immediately prior to such subdivision, redivision, dividend or distribution bears to the number of outstanding common shares resulting from such subdivision, redivision or distribution, or shall, in the case of the events referred to in (ii) above, be increased in the proportion that the number of Common Shares outstanding immediately prior to such reduction, combination or consolidation bears to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 3.5(a) shall occur; any such issue of Common Shares by way of a distribution shall be deemed to have been made on the record date for the distribution.

(b) If and whenever at any time the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into or exercisable or exchangeable for Common Shares) at a price per Common Share (or having a conversion, exercise or exchange price per Common Share) less than the Current Market Price of the Common Shares on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, the numerator of which shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate conversion or exchange price of the convertible or exchangeable securities so offered by such Current Market Price per Common Share, and the denominator of which shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible or exchangeable securities so offered are convertible or exchangeable). Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. In the event that such Common Shares are not listed and quoted for trading in a public market, the price per Common Share shall be the fair market value of such Common Shares, which shall be determined by the Board of Directors in their sole discretion.

(c) If and whenever at any time the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) Common Shares or shares of any class, whether of the Corporation or any other corporation, (ii) rights, options or warrants (excluding those referred to in Subsection 3.5(b)) (iii) evidences of indebtedness or (iv) assets then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the Board of Directors, which determination shall absent manifest error or fraud be conclusive) of such Common Shares, rights, options, warrants, evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share; any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such Common Shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be.

(d) If and whenever at any time, there is (A) any reclassification of or amendment to the outstanding Common Shares, any change of the Common Shares into other shares or any other reorganization of the Corporation (other than as described in Section 3.5(c)), (B) any consolidation, amalgamation, arrangement, merger or other form of business combination of the Corporation with or into any other corporation resulting in any reclassification of the outstanding Common Shares, any change of the Common Shares into other shares or any other reorganization of the Corporation, or (C) any sale, lease, exchange or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity, then, in each such event, the Holder of this Debenture which is thereafter redeemed by conversion or converted, shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which such Holder was theretofore entitled, the kind and number or amount of shares or other securities or property which such Holder would have been entitled to receive as a result of such event if, on the effective date thereof, such Holder had been the registered holder of the number of Common Shares to which such Holder was theretofore entitled upon hereunder. If necessary as a result of any such event, appropriate adjustments will be made in the application of the provisions set forth in this subsection with respect to the rights and interests thereafter of the Holder of this Debenture to the end that the provisions set forth in this subsection will thereafter correspondingly be made applicable, as nearly as may reasonably be necessary, in relation to any shares or other securities or property thereafter deliverable hereunder. Any such adjustments will be made by the directors, acting reasonably, and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(e) In any case in which this Section 3.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder of any Debenture converted after such event, any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Holder an appropriate instrument evidencing such Holders right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment.

(f) In any case in which Sections 3.5(b) or 3.5(c) require that an adjustment be made to the Conversion Price, no such adjustment shall be made if the Holder of the outstanding Debenture receives the rights or warrants referred to in Section 3.5(b) or the Common Shares, shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 3.5(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of the outstanding Debenture having been converted into Common Shares at the Conversion Price in effect on the applicable record date or effective date, as the case may be.

(g) The adjustments provided for in this Section 3.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however that any adjustments which by reason of this Section 3.5(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(h) In the event of any question arising with respect to the adjustments provided in this Section 3.5, such questions shall be conclusively determined by a firm of chartered accountants (who may be the auditors of the Corporation) appointed by the Corporation and acceptable to the Holder, acting reasonably; such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.

(i) In the event of any adjustment to the Conversion Price pursuant to this Section 3.5, the number of Common Shares issuable upon the conversion of the Debenture shall be simultaneously adjusted by multiplying the number of Common Shares issuable upon conversion immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment of the Conversion Price.

3.6 No Requirement to Issue Fractional Common Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of Debenture pursuant to this Article and in any such case, the number of Common Shares issuable upon conversion hereof shall be rounded down to the nearest whole number, without payment or compensation therefor.

3.7 Cancellation of Converted Debenture

Any Debenture converted in whole under the provisions of this Article shall be forthwith delivered to, and cancelled by, the Corporation.

3.8 Notice of Special Matters

The Corporation covenants that so long as any Debenture remains outstanding, it will give notice to the Holders of its intention to fix a record date for any event referred to in Section 3.5 which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date.

ARTICLE 4
SECURITY AND RANKING OF THE DEBENTURE

4.1 Charge.

In consideration of the premises herein contained and to secure the due payment of the principal and interest and all other moneys from time to time owing pursuant to the Debenture, and the performance by the Corporation of the obligations contained herein, the Corporation hereby mortgages, assigns, pledges, transfers, and charges in favour of the Holder, a continuing security interest in and to the whole of its Property. The Corporation hereby acknowledges that: (i) value has been given; (ii) the Corporation has rights in its Property (other than after-acquired property); and (iii) it has not agreed to postpone the time of attachment of the security interest granted hereunder.

4.2 Exceptions re Leaseholds and Contractual Rights.

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the Lien created by this Debenture, but the Corporation agrees to stand possessed of such last day in trust for the Holder and the Corporation shall assign and dispose thereof in accordance with such direction. To the extent that the Lien created by this Debenture in any contractual rights would constitute a breach or cause the acceleration of such contract, said Lien shall not be granted hereunder but the Corporation shall hold its interest therein in trust for the Holder, shall use its best efforts to obtain the appropriate consents to the attachment of said Lien and shall grant a Lien in such contractual rights to the Holder forthwith upon obtaining the appropriate consents to the attachment of said Lien.

4.3 Priority of Security.

Subject to Section 2.4, the Lien granted pursuant to the terms of this Debenture will be a first ranking Lien over the Collateral, subject to Permitted Liens and any Specified Priority Encumbrances.

4.4 Supplemental Documents.

The Corporation shall execute and deliver such further agreements supplemental hereto, which shall thereafter form part hereof, for the purpose of mortgaging, charging, pledging or securing in favour of the Holder any property now owned or hereafter acquired by the Corporation and falling within the description of the Collateral, for correcting or amplifying the description of any Collateral hereby charged or secured or intended so to be, for curing any defect in the execution or delivery of this Debenture, or for any other purpose not inconsistent with the terms of this Debenture.

4.5 Continuing Security.

Any and all payments made at any time in respect of the obligations under the Debenture and the proceeds realized from any securities held therefor (including moneys realized from the enforcement of this Debenture) may be applied (and reapplied from time to time notwithstanding any previous application) to such part or parts of the obligations under the Debenture. The Corporation shall be accountable for any deficiency and the Holder shall be accountable for any surplus.

4.6 Additional Security.

The Corporation shall deliver to the Holder any other security documentation, including any and all estoppels, acknowledgements, consents, subordinations, postponements or priority or inter-creditor agreements, as the Holder deems necessary, acting reasonably.

4.7 Negative Pledge.

The Corporation shall not be at liberty to and shall not, except in respect of the Permitted Liens and the Specified Priority Encumbrance, create or incur any security of any kind whatsoever upon the Collateral without granting to the Holder then outstanding additional security so that the Holder shall remain in the same position as if no further security had been created or incurred.

4.8 Obligation to Pay Not Impaired.

Nothing contained in this Section 4.8 or elsewhere in this Debenture is intended to or shall impair, as between the Corporation, its creditors other than the holders of the Specified Priority Encumbrance, and the Holder of the Debenture, the obligation of the Corporation, which is absolute and unconditional, to pay to the Holder of the Debenture the principal of, premium, if any, and interest on the Debenture, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the Holder of the Debenture and creditors of the Corporation other than the holder(s) of the Specified Priority Encumbrance, nor shall anything herein or therein prevent the Holder of any Debenture from exercising all remedies otherwise permitted by applicable law or under the Debenture, subject to the rights, if any, of the holder(s) of Specified Priority Encumbrance under this Section 4.8.

4.9 Payment on Debenture Permitted.

Nothing contained in this Section 4.9 or elsewhere in this Debenture, shall affect the obligation of the Corporation to make, or prevent the Corporation from making, any payment of principal of, premium, if any, or interest on the Debenture.

4.10 Registration and Counsel’s Opinion.

The Corporation shall, from time to time, at the expense of the Corporation:

(a) record, file, enter or register or cause to be recorded, filed, entered or registered, this Debenture, all other Collateral Documents, financing statements and all other instruments without delay, where necessary or advisable in perfecting the Liens and the rights of the Holder of Debenture hereunder for such action to be taken, and under the provisions of all applicable personal property security statutes;

(b) renew or cause to be renewed the recordings, filings or registrations made in respect of the Collateral Documents from time to time as and when required to maintain the perfection and priority of the Liens granted pursuant to the Collateral Documents. The Corporation agrees that the Holder shall have the right to require the form of this Debenture be amended to reflect any changes in laws, whether arising as a result of statutory amendments, court decisions or otherwise, in order to confer upon the Holder, the Liens intended to be created hereby; and

(c) deliver or exhibit to the Holder, on demand, certificates or other forms of confirmation acceptable to the Holder establishing such registration or recording, and renew the same from time to time, if such renewal is necessary in Counsel's opinion to preserve or protect the Liens created pursuant to the Collateral Documents.

If the Corporation fails to perform its obligations under this Section 4.10, the Holder may, in its discretion, perform any such obligation capable of being performed by it at the expense of the Corporation.

4.11 Defeasance.

Upon payment by the Corporation to the Holders of all amounts owing under the Debenture, including but not limited to principal and interest, and all other money secured by this Debenture and provided the Security granted herein constituted shall not have become enforceable, then the Collateral shall revert and revest in the Corporation without any release, acquittance, reconveyance, re-entry or other act or formality whatsoever, but the Holder shall nevertheless, within thirty (30) days of being requested in writing by the Corporation, execute, acknowledge or deliver to the Corporation a full release and reconveyance of the Collateral or such parts thereof as shall not have been disposed under the powers herein contained and such further and other documents reasonably requested by the Corporation.

ARTICLE 5
POSSESSION, USE AND RELEASE OF COLLATERAL

5.1 Possession Until Default.

Until the Security hereby constituted shall have become enforceable and the Holder shall have determined to enforce the same, the Corporation shall be permitted in the same manner and to the same extent as if this Debenture had not been executed, but subject to the express terms hereof, to possess, operate, manage, use and enjoy its Property and to take and use the rents, income and profits thereof.

5.2 Collection of Payments.

It is hereby expressly agreed that until the Security hereby constituted shall have become enforceable and the Holder shall have determined to enforce the same, the Corporation shall be permitted to collect and receive or payments payable under any of its agreements, if any, as and when the same shall become due and payable according to the terms of such agreements.

5.3 Discretion of Holder as to Dealing with Collateral.

Subject to the Security hereby constituted becoming enforceable the Holder may at any time and from time to time upon the application (evidenced by certified resolution of the Directors) and at the cost of the Corporation, do or concur in doing all or any of the following things:

(a) assent to any modification of or change in any agreement, license, privilege, franchise, concession and contract forming, or which may be subsisting in respect of, any part of the Collateral;

(b) permit the Corporation to receive any of the Collateral or the documents of title thereto or an undertaking to deal with the same in a specified manner;

(c) settle, adjust, refer to arbitration, compromise and arrange all accounts, reckonings, controversies, questions, claims and demands whatsoever in relation to any of the Collateral; and

(d) execute and do all such contracts, deeds, documents and things and bring, defend and abandon all such actions, suits and proceedings in relation to any of the Collateral for purposes not inconsistent with the provisions of this Debenture as may seem expedient.

5.4 Generally as to Releases.

The powers, rights and discretions conferred upon the Holder and the Corporation by this Article 5 shall be deemed to be several and not dependent on each other and each such power, right or discretion shall accordingly be construed as complete in itself and not by reference to any other such right, power or discretion; and the exercise of any one or more of such powers, rights and discretions, or any combination of them, from time to time shall not be deemed to exhaust the right of the Holder or the Corporation to exercise such powers, rights or discretions, or combination of them, thereafter from time to time.

5.5 Liability of Holder.

Neither the Holder nor any receiver shall: (i) be responsible or liable for any debts contracted by it, for damages to persons or property, for salaries or for non-fulfilment of contracts during any period when the Holder or any receiver shall manage or be in possession of the Collateral; (ii) be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable; (iii) be bound to do, observe or perform or to see to the observance or performance by the Corporation of any obligations or covenants imposed upon the Corporation; or (iv) in the case of any chattel paper, security or instrument, be obligated to preserve rights against any other persons.

5.6 Mandatory Provisions of Applicable Law.

All rights, remedies and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any mandatory provision of applicable law and all provisions of this Debenture are intended to be subject to all mandatory provisions of applicable law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Debenture invalid, unenforceable or not entitled to be recorded, registered or filed under any mandatory provisions of applicable law. If any mandatory provision of applicable law shall provide for different or additional requirements than or to those specified herein as prerequisites to or incidental to the realization, sale or foreclosure of the Collateral or any part thereof, then, to that extent, such laws shall be deemed to have been set forth herein at length, and any conflicting provisions hereof shall be disregarded, and the method of realization, sale or foreclosure of the Collateral required by any such laws shall, insofar as may be necessary, be substituted herein as the method of realization, sale or foreclosure in lieu of that set forth above. Any provision hereof contrary to mandatory provisions of applicable law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Debenture.

5.7 Further Assurances.

The Corporation hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, mortgages, transfers, assignments and assurances as the Holder may reasonably require for the better accomplishing and effectuating the purpose of this Debenture.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

The Corporation represents and warrants to the Holder for the benefit of the Holder of the Debenture that as of the date hereof:

6.1 Existence and Qualification.

The Corporation and each of its Subsidiaries (i) has been duly formed, incorporated, amalgamated, merged, created or continued, as the case may be, and is validly subsisting and in good standing as a corporation under the laws of its jurisdiction of formation, amalgamation, merger or continuance, as the case may be, and (ii) has all Material Licenses and, except as could not reasonably be expected to have a Material Adverse Effect, is duly qualified to carry on its business in each jurisdiction in which the nature of its business requires qualification.

6.2 Power and Authority.

Each of the Corporation and its Subsidiaries has the corporate power and authority to enter into, and to exercise its rights and perform its obligations under, the Debenture to which it is a party. The Corporation and each of its Subsidiaries has the corporate power and authority to own its Property and carry on its business as currently conducted and as currently proposed to be conducted by it.

6.3 Execution, Delivery, Performance and Enforceability of Documents.

The execution, delivery and performance of the Debenture has been duly authorized by all corporate actions required, and this Debenture has been duly executed and delivered. The Debenture constitutes the legal, valid and binding obligation of the Corporation, enforceable against it in accordance with its terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally and by principles of equity).

6.4 Compliance with Applicable Laws, Organizational Documents and Contractual Obligations.

None of the execution or delivery of, the consummation of the transactions contemplated in, or compliance with the terms, conditions and provisions of the Debenture or related documents by the Corporation, conflicts with or results in any breach of, or constitutes a default under or contravention of, any organizational documents of the Corporation, any applicable law, or any Material Contract or Material License, except for any conflict, breach, default or contravention which could not reasonably be expected to have a Material Adverse Effect, or results or will result in the creation or imposition of any Lien upon any of its Property except for Permitted Liens.

6.5 Consent Respecting Debenture Documents.

The Corporation has obtained, made or taken all consents, approvals, authorizations, declarations, registrations, filings, notices and other actions whatsoever required by any governmental authority (except for registrations or filings which may be required in respect of the Collateral Documents) to enable it to execute and deliver the Debenture and related documents to which it is a party and to consummate the transactions contemplated in the Debenture, save and except for satisfaction of various conditions imposed by the Exchange pursuant to a conditional listing letter dated March 12, 2014 addressed to the Corporation's legal counsel.

6.6 Taxes.

The Corporation and each of its Subsidiaries has paid or made adequate provision for the payment of all Taxes which are due and payable by it, including interest and penalties, or has accrued such amounts in its financial statements for the payment of such Taxes except for charges, fees or dues which are not material in amount, not delinquent or if delinquent are being contested in good faith, and in respect of which non-payment would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

6.7 Absence of Litigation.

There are no actions, suits or proceedings pending or, to its knowledge, threatened against or affecting the Corporation or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

6.8 Title to Assets.

The Corporation and each of its Subsidiaries has good title to, or the right to use, its assets, free and clear of all Liens except Permitted Liens.

6.9 Insurance.

The Corporation and each of its Subsidiaries that operate a business, has maintained and maintains insurance which is in full force and effect and complies with all of the requirements of this Debenture.

6.10 Compliance with Laws.

Neither the Corporation nor any of its Subsidiaries is in default under any applicable law, except where default thereunder, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

6.11 No Default or Event of Default.

No default or Event of Default has occurred which is continuing.

6.12 Financial Statements.

All of the quarterly and annual financial statements which have been issued by the Corporation prior to the date hereof are complete in all material respects and such financial statements fairly present the results of operations and financial position of the Corporation and its Subsidiaries as of the dates referred to therein and have been prepared in accordance with IFRS or, where applicable, Canadian Generally Accepted Accounting Principles. The Corporation and its Subsidiaries do not have any liabilities (contingent or other) or other obligations of the type required to be disclosed in accordance with IFRS which are not fully disclosed on the financial statements issued by the Corporation prior to the date hereof, other than liabilities and obligations incurred in the ordinary course of its business.

6.13 No Material Adverse Effect.

Since the date of the Corporation's most recent annual audited financial statements and its respective most recent unaudited financial statements, there has been no condition (financial or otherwise), event or change in its business, liabilities, operations, results of operations, or assets which constitutes or has, or could reasonably be expected to constitute or have, a Material Adverse Effect.

6.14 Debt.

Neither the Corporation nor any of its Subsidiaries has any debt as of the date hereof, except trade payables and deferred revenue, which are incurred in the ordinary course of business.

6.15 Collateral Documents.

The Collateral Documents, upon execution and delivery thereof by the parties thereto, will create in favour of the Holders of the Debenture, a legal, valid and enforceable Lien in the Collateral and (i) if and when any Collateral which is a security for the purposes of the *Securities Transfer Act* (Ontario) is required to be and is delivered to the Holder in Ontario, together with an effective endorsement, the Holder shall have, subject to any Permitted Liens and the Specified Priority Encumbrance, a fully perfected first priority Lien on and in, all right, title and interest of the Corporation, prior and superior in right to any Liens on such security to which the *Personal Property Security Act* (Ontario) applies, and (ii) when financing statements in appropriate form have been duly filed in the offices where such filing is required to perfect such Liens created under the Collateral Documents (other than with respect to any security as specified in subsection (i)) will constitute a fully perfected Lien on and in, all right, title and interest of the Corporation to the extent perfection can be obtained by filing *Personal Property Security Act* (Ontario) or similar financing statements, in each case prior and superior in right to any other Person, other than with respect to Permitted Liens.

ARTICLE 7
COVENANTS OF THE CORPORATION

7.1 General Covenants

The Corporation covenants with the Holders as follows:

(a) the Corporation will duly and punctually pay or cause to be paid to the Holder the principal of and interest accrued on the Debenture (including, in the case of default, interest on the amount in default) on the dates, at the places, and in the manner mentioned herein;

(b) the Corporation will use its reasonable best efforts to preserve and maintain its corporate existence and will carry on and conduct its business in a proper and efficient manner;

(c) the Corporation will use its reasonable best efforts to remain a reporting issuer not in default of the requirements of the applicable securities laws in the Canadian jurisdictions in which the Corporation is currently a reporting issuer and to ensure that the Corporation shall make all requisite filings under applicable securities legislation necessary to remain a reporting issuer not in default;

(d) the Corporation shall, so long as the Debenture remains outstanding, reserve and there shall remain unissued out of its authorized capital, a sufficient number of Common Shares to satisfy the right of conversion herein provided for and when issued and delivered as directed, such Common Shares shall be issued as fully paid and non-assessable Common Shares;

(e) the Corporation will furnish to the Holder a copy of all financial statements, whether annual or quarterly, of the Corporation and the report if any, of the Corporation’s auditors thereon at the same time as they are furnished to the Shareholders after the date hereof and prior to the Maturity Date;

(f) the Corporation will forthwith notify the Holder in writing in the event (i) of the occurrence of an Event of Default or of any event or circumstance that, with the giving of notice or lapse of time or both, would constitute an Event of Default and (ii) that the Corporation changes its name or the location of its principal office; and

(g) the Corporation will duly and punctually perform and carry out all of the acts or things to be done by it, and perform all covenants required to be performed by it as provided in this Debenture.

ARTICLE 8
DEFAULT AND ENFORCEMENT

8.1 Events of Default

Each of the following events is, for the purposes of the Debenture, an “**Event of Default**”:

(a) if any payment on account of principal owing on any Debenture is not paid when the same becomes due under any provision hereof; or

(b) if any payment on account of interest owing on any Debenture which is due is not made within 15 Business Days of the date same becomes due under any provision hereof; or

(c) if the Corporation is in default in observing or performing any other covenant or condition of this Debenture on its part to be observed or performed and if such default continues for a period of 30 days after notice in writing has been given to the Corporation by the Holder specifying such default and requiring the Corporation to rectify the same, unless the Holder (having regard to the subject matter of the default) shall have agreed to a longer period and, in such event for the longer period agreed to by the Holder; or

(d) if an order shall be made or an effective resolution passed for the winding-up, liquidation or dissolution of the Corporation or any Guarantor, except in the course of carrying out or pursuant to a transaction which is otherwise permitted herein;

(e) if the Corporation or any Guarantor commences or institutes proceedings to be adjudicated or declared a bankrupt or insolvent, or if the Corporation or any Guarantor shall make a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada), or shall be declared bankrupt or becomes insolvent or consents to the institution of bankruptcy or insolvency proceedings against it under such Act or any other bankruptcy, insolvency or analogous laws, or petitions or applies to any tribunal for the appointment of a receiver, receiver-manager, receiver and manager, custodian, liquidator or trustee, or a person with like powers, or if the Corporation or any Guarantor passes any resolution for its winding-up or liquidation, or commences any proceeding relating to it under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute, or admits in writing its inability to pay its debts generally as they become due or by any act indicates its consent to, approval of, or acquiescence in, any such proceedings for a substantial portion of its property, or if a receiver and manager, liquidator, trustee, custodian or sequestrator or any other Person with similar powers shall be appointed (and such appointment is not dismissed or stayed by the Corporation or the Guarantor, as applicable, within 30 days) in respect of the Corporation or the Guarantor or of the property of the Corporation or the Guarantor; or

(f) if an encumbrancer shall take possession of the property of the Corporation, or if a distress or execution or any similar process shall be levied or enforced against the property of the Corporation or any part thereof and remain unsatisfied for such period as would permit such property or such part thereof to be sold thereunder; or

(g) if an order is made or legislation enacted by a competent body having authority for the expropriation, confiscation, forfeiture, escheating, other taking or compulsory divestiture, whether or not with compensation, of all or any portion of the assets of the Corporation which is material having regard to the net value of the assets of the Corporation and such order or legislation remains in effect and has not been stayed by a court of competent jurisdiction for a period of more than 30 days from the day of pronouncement of the order or enactment of the legislation, as the case may be; or

(h) if the Debenture shall become unenforceable, or be alleged by the Corporation to be unenforceable.

8.2 Notice of Events of Default

(a) If an Event of Default shall occur and is continuing, the Corporation shall, within 10 Business Days after it becomes aware of the occurrence of such Event of Default, give notice thereof to the Holder.

(b) Where notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Corporation to the Holders within 10 Business Days after the Event of Default has been cured.

8.3 Acceleration on Default

If any Event of Default has occurred and is continuing, the Holders of more than 50% of the principal amount of the Debenture may, by notice in writing to the Corporation, declare the principal of and interest on the Debenture then outstanding and any other moneys payable thereunder, to be due and payable and the same shall forthwith become immediately due and payable to the Holders, and the Corporation shall pay forthwith to the Holders the principal of and accrued and unpaid interest on such Debenture and all other moneys payable thereunder, together with subsequent interest thereon at the rate borne by the Debenture from the date of such declaration until payment is received by the Holders. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder.

8.4 Waiver of Default

If an Event of Default shall have occurred, the Holders of more than 50% of the principal amount of the Debenture then outstanding shall have the power by instrument signed by such Holders to waive any Event of Default hereunder and/or to cancel any declaration pursuant to Section 8.3 and the Holders shall thereupon waive the Event of Default and/or cancel such declaration upon such terms and conditions as such Holders shall prescribe.

8.5 Application of Moneys

Unless otherwise provided herein, any moneys arising from any enforcement hereof by any Holder of a Debenture, shall be held in trust and applied together with any moneys then or thereafter available for the purpose, as follows:

(a) first, in or towards payment of the principal of all of the Debentures then outstanding, thereafter in or towards payment of the accrued and unpaid interest and interest on overdue interest on such Debentures, or if the Holders, by instrument signed by the Holders of more than 66 2/3% of the principal amount of the Debentures then outstanding shall have directed payments to be made in accordance with any other order of priority, or without priority as between principal, interest and any additional amounts, then such moneys shall be applied in accordance with such direction; and

(b) second, the surplus (if any) of such moneys shall be paid to the Corporation or as it may direct.

8.6 Distribution of Moneys

Payments to Holders pursuant to Section 8.5(a) shall be made as follows:

(a) at least 15 days' notice of every such payment shall be given in the manner provided in Article 12 specifying the date and time when and the place or places where such payment is to be made and the amount of the payment and the application thereof as between principal and interest;

(b) payment of any Debenture shall be made upon presentation thereof at the principal office of the Holder and any such Debenture thereby paid in full shall be surrendered, otherwise a notation of such payment shall be endorsed thereon; but the Holder may in its discretion dispense with presentation and surrender or endorsement in any special case upon receipt by it of such indemnity as it shall consider sufficient; and

(c) from and after the date of payment specified in the notice, interest shall accrue only in respect of such amount which is owing and is duly presented on or after the date so specified and payment of such amount is not made.

8.7 Remedies Cumulative

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

8.8 Immunity of Certain Persons

The Holders waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future incorporator, shareholder, director, officer, employee or agent of the Corporation and the Shareholders or of any Successor Corporation for the payment of the principal of or interest on the Debenture or on any covenant, agreement, representation or warranty by the Corporation contained herein.

8.9 Judgment Against the Corporation

In the case of any judicial or other proceedings to obtain judgment for the principal of or interest on the Debenture, judgment may be rendered against the Corporation in favour of the Holders for any amount which may remain due in respect of the Debenture.

ARTICLE 9
SATISFACTION AND DISCHARGE

9.1 Cancellation and Destruction

All matured Debentures shall forthwith after payment thereof be delivered to the Corporation and cancelled by it. All Debentures which are cancelled or required to be cancelled under this or any other provision of this Debenture shall, on receipt, be destroyed by the Corporation.

9.2 Non-Presentation of Debenture

If the Holder of any Debenture shall fail to present the same for payment on the date on which the principal thereof and/or the interest thereon or represented thereby becomes payable, either at maturity or otherwise, or shall not accept payment on account thereof and give such receipt therefor (if any) as the Corporation may require, the Corporation shall be entitled to set aside the principal moneys and/or the interest as the case may be, in trust to be paid to the Holder of such Debenture upon due presentation and surrender thereof in accordance with the provisions of this Debenture; and thereupon the principal moneys and/or the interest payable on or represented by each Debenture in respect whereof such moneys have been set aside shall be deemed to have been paid and thereafter such Debenture shall not be considered as outstanding hereunder and the Holders thereof shall thereafter have no right in respect thereof except that of receiving payment of the moneys so set aside by the Corporation (without interest thereon) upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

9.3 Repayment of Unclaimed Moneys

Any moneys set aside under Section 9.2 and not claimed by and paid to any Holder of a Debenture within six years after the date of such setting aside shall, subject to applicable law, be repaid to the Corporation and thereafter the Holder of a Debenture in respect of which such moneys were so paid to the Corporation shall have no rights in respect thereof except to obtain payment of such moneys without interest thereon from the Corporation.

9.4 Discharge

Upon the payment by the Corporation of all of the principal and interest due on the Debenture (including interest on amounts in default), this Debenture shall automatically terminate and the Corporation and the Guarantors shall be released from all covenants contained herein. Notwithstanding the foregoing, at the expense of the Corporation, the Holder shall, at the request of the Corporation, execute and deliver to the Corporation such deeds or other instruments as shall be necessary to evidence the satisfaction and discharge of the Debenture and to release the Corporation from its covenants contained herein.

ARTICLE 10
SUCCESSOR CORPORATIONS

10.1 Certain Requirements in Respect of Merger, etc.

The Corporation shall not enter into any transaction (whether by reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of such amalgamation or merger, of the continuing company resulting therefrom (the "**Successor Corporation**"), unless:

(a) the Successor Corporation shall execute, prior to or contemporaneously with the completion of such transaction, such other instruments as in the opinion of Counsel are necessary or advisable to evidence the assumption by the Successor Corporation of the liability for the due and punctual payment of all the Debentures and the interest thereon and all other moneys payable hereunder and the covenant of such Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Corporation under this Debenture; and

(b) no condition or event shall exist in respect of the Corporation or the Successor Corporation, either at the time of such transaction or immediately thereafter after giving full effect thereto, which constitutes or would, after the giving of notice or the lapse of time or both, constitute an Event of Default hereunder.

10.2 Vesting of Powers in Successor

Whenever the conditions of Section 10.1 have been duly observed and performed, the Corporation shall execute and deliver such required documentation and thereupon:

(a) the Successor Corporation shall possess and from time to time may exercise each and every right and power of the Corporation under the Debenture in the name of the Corporation or otherwise, and any act or proceeding by any provision of the Debenture required to be done or performed by the Corporation may be done and performed with like force and effect by such Successor Corporation; and

(b) the Corporation shall be released and discharged from liability under the Debenture.

ARTICLE 11
GUARANTEE

11.1 Guarantee

All obligations of the Holder shall be jointly and severally guaranteed by each Subsidiary (collectively, the "**Guarantors**") as signatories to this Debenture.

11.2 Joint and Several

Each of the Guarantors hereby agrees to be jointly and severally liable for, and hereby irrevocably and unconditionally guarantees to the Holder and their respective successors and assigns, the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) and at all times thereafter, and performance, of all of the obligations owed or hereafter owing to the Holder by the Corporation hereunder. Each of the Guarantors agrees that its guarantee obligation hereunder is a continuing guarantee of payment and performance and not of collection, that its obligations under this Guarantee shall not be discharged until payment and performance, in full, of all of the obligations of the Corporation under the Debenture have occurred and this Debenture has been terminated, and that its obligations hereunder shall be primary, absolute and unconditional.

The obligations of the Guarantors hereunder shall not be satisfied, reduced or discharged by any intermediate payment, settlement or satisfaction of the whole or any part of the principal, interest, fees or other money or amounts which may at any time be or become owing or payable under, by virtue of, or otherwise in connection with the obligations of the Corporation under this Debenture or any of the documents executed in connection herewith.

The Guarantors shall be regarded, and shall be in the same position, as principal debtor with respect to the obligations of the Corporation hereunder and any amounts expressed to be payable from the Guarantors shall be recoverable from the Guarantors as primary obligors and principal debtors in respect thereof.

11.3 Charge

In consideration of the premises herein contained and to secure the due payment of the principal and interest and all other moneys from time to time owing pursuant to the Debenture, and the performance by the Corporation and the Guarantors of the obligations contained herein, each Guarantor hereby mortgages, assigns, pledges, transfers, and charges in favour of the Holder, a continuing security interest in and to the whole of its Property, subject to Permitted Liens. Each Guarantor hereby acknowledges that: (i) value has been given; (ii) such Guarantor has rights in its Property (other than after-acquired property); and (iii) no Guarantor has agreed to postpone the time of attachment of the security interest granted hereunder. The provisions of Sections 4.2 to 4.10 of this Debenture shall also apply to each Guarantor with all necessary amendments to reflect application of such provisions to such Guarantor rather than the Corporation.

11.4 Subordinate; Waiver of Defences

The Guarantors hereby expressly and irrevocably subordinate to the payment of the obligations of the Corporation hereunder, any and all rights at law or in equity to reimbursement, exoneration, contribution, indemnification or set-off and any and all defences available to a surety, guarantor or accommodation co-obligor until all of the obligations of the Corporation hereunder are indefeasibly paid in full in cash and this Debenture has been terminated. The Guarantors further agree to waive any rights of subrogation arising at law or in equity.

The obligations of the Guarantors hereunder shall not be affected or impaired by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder which, but for this provision, might constitute a whole or partial defence to a claim against the Guarantors hereunder or might operate to release or otherwise exonerate the Guarantors from any of their obligations hereunder or otherwise affect such obligations. Each of the Guarantors hereby irrevocably waives any defence it may now or hereafter have in any way relating to any of the foregoing, including, without limitation:

(a) any limitation of status or power, disability, incapacity or other circumstance relating to the Corporation or the Guarantors;

(b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of the Corporation or any of the Guarantors;

(c) any failure of the Corporation or any of the Guarantors to perform or to comply with any of the provisions of this Debenture or any documents executed in connection herewith;

(d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against the Corporation, the Guarantors or their respective assets or the release or discharge of any such right or remedy by the Holder;

(e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Corporation or any Guarantor (except to the extent such Guarantor receives any such indulgence);

(f) any amendment, restatement, variation, modification, supplement or replacement of this Debenture or any documents executed in connection herewith;

(g) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Corporation or any Guarantor or any merger or amalgamation of the Corporation or any Guarantor with any person or persons;

(h) the existence of any claim, set-off or other rights that any Guarantor may have at any time against the Corporation, the Holder, whether in connection with the Debenture or otherwise; and

(i) any other circumstance that might otherwise constitute a legal or equitable discharge or defence of any Guarantor.

11.5 Actions by Holder

The Holder, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantors' obligations and liabilities hereunder and without the consent of or notice to the Guarantors, may:

(a) grant time, renewals, extensions, compromises, concessions, waivers, releases, discharges and any other indulgences to the Corporation or the Guarantors;

(b) amend, vary, modify, supplement or replace this Debenture or any document issued in connection therewith or any other related document to which the Guarantors are not a party;

(c) take or abstain from taking security or collateral from the Corporation or the Guarantors or from perfecting security or collateral of any such person;

(d) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of any security given by the Corporation or the Guarantors with respect to any of the obligations of the Corporation or the Guarantors contemplated by this Debenture;

(e) accept compromises or arrangements from the Corporation or the Guarantors;

(f) apply all money at any time received from the Corporation or either Guarantor or from any collateral to any part of the obligations outstanding under this Debenture as they may see fit; and

(g) otherwise deal with, or waive or modify their right to deal with, the Corporation, the Guarantors and all other persons and securities as they may see fit.

ARTICLE 12
NOTICE

12.1 Notice to the Corporation

Any notice to the Corporation under the provisions of this Debenture shall be valid and effective if delivered personally to, if telecopied to, or, subject to Section 12.3, if given by registered mail, postage prepaid, addressed to, the Corporation at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1, Attention: Mr. Scott Worthington, Chief Financial Officer, Facsimile No. (905) 282-9966, and shall be deemed to have been given on the date of delivery. The Corporation may from time to time notify the Holder of a change in address which thereafter, until changed by further notice, shall be the address of the Corporation for all purposes of this Debenture.

12.2 Notice to Holder

Except as otherwise expressly provided herein, all notices to be given hereunder with respect to the Debentures shall be valid and effective if such notice is delivered personally or, subject to Section 12.3, sent by registered mail, postage prepaid, addressed to the Holder at 46A, Avenue J. F. Kennedy, Luxembourg, Luxembourg, with a further copy sent to: 399 Park Avenue, 39th Floor, New York, NY 10022, Attention: Mr. Stephen Barnes, Head of Operations, Facsimile No. (212) 380-5801, email: ops@cyruscapital.com, or such other post office addresses appearing in any of the registers hereinbefore mentioned. Any notice so delivered shall be deemed to have been given on the day upon which it is delivered. Any accidental error, omission or failure in giving or in delivering or mailing any such notice or the non-receipt of any such notice by any Holder or Holders shall not invalidate or otherwise prejudicially affect any action or proceeding founded thereon.

12.3 Mail Service Interruption

If the Corporation determines that mail service is or is threatened to be interrupted at the time when the Corporation is required or elects to give any notice to the Holders hereunder, the Corporation shall, notwithstanding the provisions hereof, give such notice at the Corporation's expense by means of publication in The Globe and Mail, national edition, or any other English language daily newspaper or newspapers of general circulation in Canada and any notice so published shall be deemed to have been given on the first date on which the publication takes place.

If, by reason of any actual or threatened interruption of mail service due to strike, lock-out or otherwise, any notice to be given to the Corporation would be unlikely to reach its destination in a timely manner, such notice shall be valid and effective only if delivered personally in accordance with Article 12.

[Signature page to follow]

IN WITNESS WHEREOF THE CORPORATION has caused this Debenture to be signed by an authorized officer as of the date first noted above.

SPHERE 3D CORPORATION

By: "*Peter Tassiopoulos*"
Peter Tassiopoulos
Chief Executive Officer

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

IN WITNESS WHEREOF THE CORPORATION has caused this Debenture to be signed by an authorized officer each of the Guarantors with respect to Article 12 as of the date first noted above.

SPHERE 3D INC.

By: "*Peter Tassiopoulos*"
Peter Tassiopoulos
Chief Executive Officer

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

FROSTCAT TECHNOLOGIES INC.

By: "*Peter Tassiopoulos*"
Peter Tassiopoulos
Chief Executive Officer

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

V3 SYSTEMS HOLDINGS, INC.

By: "*Peter Tassiopoulos*"
Peter Tassiopoulos
President

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer & Secretary

APPENDIX 1

FORM OF TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (insert name of the transferee) ____(the "Transferee") of (insert residential address) ____

$______________________________ principal amount of 8% Senior Secured Convertible Debenture of Sphere 3D Corporation (the "Corporation") registered in the name of the undersigned on the register of the Debenture represented by the within certificate, and irrevocably appoints:

____
as the attorney of the undersigned to transfer the said Debenture on the books or register of transfer for the Debenture of the Corporation, with full power of substitution.

DATED the _____day of ______________________, 20_____.

Signature of Holder	Signature Guaranteed By:
______________________________________	______________________________________
(Signature of Holder to be the same as appears on the face of this Debenture Certificate)	

Notes to Holders:

1. In order to transfer the Debenture represented by this certificate, this transfer form must be delivered to the Corporation.

2. The signature to this transfer form must correspond with the name as written on the face of this Debenture certificate without alteration, enlargement or change whatsoever.

3. The signature to this transfer form must be guaranteed by a Canadian Schedule I chartered bank or an eligible guarantor institution with membership in an approved signature guarantee medallion program.

APPENDIX 2

CONVERSION FORM

The undersigned, being the registered holder of this 8% Senior Secured Convertible Debenture, hereby irrevocable elects to convert: $____________________________principal amount of the attached Debenture into Common Shares and hereby delivers such Debenture to the principal office of the Corporation in the City of Toronto, Ontario.

The undersigned represents, warrants and certifies as follows (only one of the following must be checked):

A. [ ] The undersigned holder (a) at the time of exercise of the Debenture is not in the United States; (b) is not a “U.S. person” (a “U.S. Person”) as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “1933 Act”), and is not exercising the Debenture on behalf of a U.S. Person; (c) did not execute or deliver this conversion form in the United States; and (d) has in all other aspects complied with the terms of Regulation S under the 1933 Act; or

B. [ ] The undersigned holder has delivered a written opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation or other evidence reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the 1933 Act and applicable state securities laws is available for the issuance of the Common Shares.

The undersigned hereby directs that the Common Shares issued upon conversion hereby be issued, registered and delivered as follows:

Name in Full	Address in Full	Number of Common Shares

Dated this ______day of __________________, _______________

Signature of Holder: ______________________________________

_____Please check if certificates representing the Common Shares are to be delivered at the office where this Debenture Certificate is surrendered, failing which the certificates will be mailed to the address indicated in the registration instructions above.

Notes to Holders:

1. Certificates representing Common Shares will not be registered or delivered to an address in the United States unless Box B is checked.

2. If Box B is to be checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with the conversion will be satisfactory in form and substance to the Corporation.

Glassware 2.0™ and Desktop Cloud Orchestrator™ from Sphere 3D to advance end-to-end virtual deployment capabilities of Dell DRIVE Plus

Dell DRIVE collaboration includes Dell, Red Hat, Intel and VMware

Mississauga, Ontario - April 3rd, 2014 - Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF), a virtualization technology solution provider, today announced that it has teamed with Dell to integrate the Sphere 3D Glassware 2.0™ platform and Desktop Cloud Orchestrator™ "DCO", from recently acquired V3 Systems, with Dell DRIVE plus.

Dell DRIVE Plus, a collaboration among Dell, Red Hat, Intel and VMWare, helps make deploying and optimizing electronic health record (EHR) solutions easier and more cost effective. Healthcare customers who implement this innovative solution reap many benefits, including lower EHR costs and the flexibility of an open industry-standard platform. The platform is expanding to include both Glassware 2.0™ and Desktop Cloud Orchestrator™ from Sphere 3D.

Glassware 2.0™ is a platform that was designed utilizing a proprietary microvisor and revolutionary topology to achieve application virtualization in the most demanding of circumstances. Utilized in conjunction with hypervisor-based virtualization deployments, it enables true end-to-end virtualization of physical infrastructure.

The DCO software, which is currently integrated with VMware® vSphere®, ESXi™ and Horizon View™, was developed from the ground up to enable desktop administrators to quickly and efficiently meet the needs for day-to-day management of virtual desktops. DCO is delivered from a secure, simple, centralized web console and provides automatic replication of persistent and non-persistent virtual desktops. This enables seamless pool movement between appliances when needed for failover or scheduled maintenance.

Quotes

"Desktop Cloud Orchestrator and Glassware 2.0 software drop-in appliance solutions can be deployed in conjunction with other DRIVE partner technologies," said Stoney Hall, VP Global Sales, Sphere 3D. "Together these technologies enhance end-to-end compute capabilities of virtualized end user environments while simplifying their management."

"The addition of Sphere 3D's solutions to Dell DRIVE Plus ensures that we are offering the most robust virtualization experience possible for our EHR customers," said August Calhoun, Ph.D., vice president/general manager, Dell Healthcare and Life Sciences. "Through this collaboration with industry leaders we are able to deliver a truly innovative reference architecture for healthcare systems."

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter@sphere3d.com

About Sphere 3D Corporation

Sphere 3D Corporation is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the Company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D Corporate Update

Achieves Significant Business Milestones andFiles for NASDAQ Listing

Mississauga, Ontario – April 14th, 2014 – Sphere 3D Corporation (TSXV: ANY OTCQX: SPIHF) (the "Company" or "Sphere 3D"), a virtualization technology solution provider, today announced that it has filed an application with Nasdaq OMX Group to list its common shares on the Nasdaq Capital Market and is providing the following corporate update.

"We have achieved significant milestones over the past year and are now in the position to accelerate our growth. We have established several key strategic partnerships, completed the acquisition of V3 Systems, Inc. and strengthened our cash position with the recent financing from Cyrus Capital," said Peter Tassiopoulos, CEO of Sphere 3D, "We believe that applying for listing on NASDAQ represents another important milestone for the Company and will help increase liquidity while providing greater access for U.S. investors and institutions."

Recent Highlights:

- Completed acquisition of V3 Systems, Inc., a privately held virtualization company on March 21st, 2014;
- Completed the integration of the V3 team; including the addition of former founder of V3 Systems, Mr. Peter Bookman, taking on responsibility for accelerating the building of the Company's Intellectual Property Portfolio;
- Converted 3 provisional patents to full patent fillings in Q1 2014; bringing the total number of full patent filings to 12;
- Signed the Company's first Desktop as a Service ("DaaS") agreement in Q1 2014, with an international services company;
- Recognized revenue in Q1 from Glassware 2.0™ licenses, V3 Appliances, Professional Services and Desktop Cloud Orchestrator™ ("DCO");
- Derived revenue from customers in Canada, United States, Europe and elsewhere; verticals sold to in Q1 2014 include Government, Construction and Financial Services;
- Finalized partnership with Dell to integrate the Glassware 2.0™ platform and DCO, from recently acquired V3 Systems, with Dell DRIVE;
- Expanded relationship in Q1 2014 with Corel beyond previously announced VAR and Distribution agreements. Corel is estimated to have over 100 million active retail users in 75 countries and over 78% of the PC based non-Microsoft office productivity market;
- Expanded relationship with licensee Overland Storage (NASDAQ:OVRL) to include V3 appliances, DCO and collaboration on additional IP creation. Overland's completed purchase of Tandberg Data in Q1 2014 gives Sphere 3D access to a combined channel of over 19,000 resellers, multiple distributers and OEMs as well as a customer install base that exceeds 1,000,000 units.

Financial Highlights:

- Estimated revenue for Q1 2014 is expected to exceed $1 million;
- Cash and short term investments at the end of Q1 2014 are in excess of $7 million;
- Total assets at the end of Q1 2014 are in excess of $20 million;
- Completed a Convertible Debenture financing of U.S. $5 million on March 21, 2014.

The Company further reports, that in addition to the demonstration center at the Company's head office near Toronto, Canada, the Company has now established two additional locations for existing and potential customers and partners to come and test drive Glassware 2.0™ and V3 appliances; the new locations are at Overland's offices in San Jose, California, and at the Sphere 3D satellite office in Salt Lake City, Utah. The Company will be announcing additional locations with partners in the United States and Europe in Q2 2014.

The NASDAQ listing application is subject to review and approval by NASDAQ's Listing Qualifications Department. While the Company intends to satisfy all of NASDAQ's requirements for initial listing, no assurance can be given that its application will be approved. The Company's common stock will continue to trade on the OTCQX under its current symbol, "SPIHF", and on TSXV under the symbol "ANY" during the NASDAQ review process.

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of some of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator management software for VDI. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Sphere 3D Contact:
Peter Tassiopoulos, CEO
Tel: (416) 749-5999
Peter@sphere3d.com

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.Except for historical facts, the statements in this news release, as well as oral statements or other written statements made or to be made by Sphere 3D Corporation, are forward-looking and involve risks and uncertainties. For example, statements about the Company's application to list its common stock on the Nasdaq Capital Market, its operations, capital-raising transactions and financial accounting, current or expected market size for its products, the success of current or future product offerings, the research and development efforts are all forward looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the Company's filings with Canadian securities regulators (www.sedar.com).

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SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 **Date of Material Change**

April 14, 2014

Item 3 **News Release**

The news release attached hereto as Schedule "A" issued by the Corporation and disseminated via Newsfile Corp. on April 14, 2014 and is available on the Corporation's profile at www.sedar.com.

Item 4 **Summary of Material Change**

On April 14, 2014, the Corporation announced that it has filed an application with Nasdaq OMX Group to list its common shares on the Nasdaq Capital Market and provided a corporate update. The NASDAQ listing application is subject to review and approval by NASDAQ's Listing Qualifications Department.

Item 5 **Full Description of Material Change**

The news release attached hereto as Schedule "A" provides a full description of the material change.

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

None.

Item 8 **Executive Officer**

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 **Date of Report**

April 14, 2014

SCHEDULE “A”

Sphere 3D Corporate Update

Achieves Significant Business Milestones andFiles for NASDAQ Listing

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“We have achieved significant milestones over the past year and are now in the position to accelerate our growth. We have established several key strategic partnerships, completed the acquisition of V3 Systems, Inc. and strengthened our cash position with the recent financing from Cyrus Capital,” said Peter Tassiopoulos, CEO of Sphere 3D, “We believe that applying for listing on NASDAQ represents another important milestone for the Company and will help increase liquidity while providing greater access for U.S. investors and institutions."

Recent Highlights:

- Completed acquisition of V3 Systems, Inc., a privately held virtualization company on March 21st , 2014;
- Completed the integration of the V3 team; including the addition of former founder of V3 Systems, Mr. Peter Bookman, taking on responsibility for accelerating the building of the Company’s Intellectual Property Portfolio;
- Converted 3 provisional patents to full patent fillings in Q1 2014; bringing the total number of full patent filings to 12;
- Signed the Company’s first Desktop as a Service (“DaaS”) agreement in Q1 2014, with an international services company;
- Recognized revenue in Q1 from Glassware 2.0™ licenses, V3 Appliances, Professional Services and Desktop Cloud Orchestrator™ (“DCO”);
- Derived revenue from customers in Canada, United States, Europe and elsewhere; verticals sold to in Q1 2014 include Government, Construction and Financial Services;
- Finalized partnership with Dell to integrate the Glassware 2.0™ platform and DCO, from recently acquired V3 Systems, with Dell DRIVE;
- Expanded relationship in Q1 2014 with Corel beyond previously announced VAR and Distribution agreements. Corel is estimated to have over 100 million active retail users in 75 countries and over 78% of the PC based non-Microsoft office productivity market;
- Expanded relationship with licensee Overland Storage (NASDAQ:OVRL) to include V3 appliances, DCO and collaboration on additional IP creation.

Overland's completed purchase of Tandberg Data in Q1 2014 gives Sphere 3D access to a combined channel of over 19,000 resellers, multiple distributers and OEMs as well as a customer install base that exceeds 1,000,000 units.

Financial Highlights:

- Estimated revenue for Q1 2014 is expected to exceed $1 million;
- Cash and short term investments at the end of Q1 2014 are in excess of $7 million;
- Total assets at the end of Q1 2014 are in excess of $20 million;
- Completed a Convertible Debenture financing of U.S. $5 million on March 21, 2014.

The Company further reports, that in addition to the demonstration center at the Company's head office near Toronto, Canada, the Company has now established two additional locations for existing and potential customers and partners to come and test drive Glassware 2.0™ and V3 appliances; the new locations are at Overland's offices in San Jose, California, and at the Sphere 3D satellite office in Salt Lake City, Utah. The Company will be announcing additional locations with partners in the United States and Europe in Q2 2014.

The NASDAQ listing application is subject to review and approval by NASDAQ's Listing Qualifications Department. While the Company intends to satisfy all of NASDAQ's requirements for initial listing, no assurance can be given that its application will be approved. The Company's common stock will continue to trade on the OTCQX under its current symbol, "SPIHF", and on TSXV under the symbol "ANY" during the NASDAQ review process.

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of some of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator management software for VDI. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Sphere 3D Contact:
Peter Tassiopoulos, CEO
Tel: (416) 749-5999
Peter@sphere3d.com

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.Except for historical facts, the statements in this news release, as well as oral statements or other written statements made or to be made by Sphere 3D Corporation, are forward-looking and involve risks and uncertainties. For example, statements about the Company's application to list its common stock on the Nasdaq Capital Market, its operations, capital-raising transactions and financial accounting, current or expected market size for its products, the success of current or future product offerings, the research and development efforts are all forward looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the Company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Novarad Selects Glassware 2.0 Virtualization Platform from Sphere 3D

Collaboration agreement will allow for the delivery of performance enhancements, new IaaS capabilities, and Windows XP migration

Mississauga, Ontario - April 23rd, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF), a virtualization technology solution provider and Novarad Corporation, supplier of one of the top 3 rated PACS (Picture Archiving and Communication System) in America, announced today that they have entered into a collaboration agreement for the utilization of Glassware 2.0™ as infrastructure for the delivery of next generation Radiology Software.

According to a study from Global Industry Analysts, Inc. the Global market for PACS is forecast to reach US$6.1 billion by 2018, driven by governments push for healthcare IT implementation, rising demand for medical imaging procedures and increasing sophistication of imaging modalities. In addition, the study claims "Today, PACS and RIS are among the most sought-after healthcare IT solutions among healthcare providers seeking an improvement in workflow efficiency and productivity." The global market for Healthcare IT is expected to reach US$103 Billion by 2020 according to research from Grand View Research, Inc.

The Collaboration agreement will allow Sphere 3D and Novarad to offer an on premise appliance for the delivery of Novarad software to healthcare providers; without the requirement to refresh workstation hardware. By delivering an Infrastructure as a Service ("IaaS") offering, customers can take advantage of a prebuilt solution based on a verified architecture that reduces deployment risk and accelerates time to availability.

The drop-in appliance approach, coupled with the Glassware 2.0™ architecture, delivers enterprise-class performance, reliability and the ability to quickly scale both up and out to meet the needs of the enterprise. In, addition, by deploying centralized hosted applications on premise, IT departments are afforded an immediate solution to deal with the recent end of support for Windows XP; replacement of Windows XP represents a substantial opportunity with an estimated 30 percent of computers being used around the world still running the 12-year-old operating system.

"We have tested many of today's leading virtualization technologies and have looked at a number of potential solutions; none were able to deliver the simple migration to virtualization and incredible performance that we get from the Sphere 3D approach to virtual computing."said Paul Shumway, Senior Vice President of Novarad, "The first time we saw our products run on Glassware 2.0, we were sold ".

"Novarad's radiology software solutions are consistently given top KLAS ratings and recognized for their ease of use, advanced features, and ability to increase productivity" said Stoney Hall VP Global Sales, Sphere 3D "we are honored to be working with one of the healthcare industry's leading vendors in integrated PACS and radiology information systems".

The Glassware 2.0™ platform for mission critical applications features include access to real GPU processing, true 3D rendering, real-time failover, continuous availability, high performance and secure multi-tenancy. Novarad intends to delivery this new offering as an upgrade to existing customers as well as to prospective customers.

About PACS

PACS is a system based on the universal Digital Imaging and Communications in Medicine "DICOM" standard, which uses a server to store and allow facile access to high-quality radiologic images, including conventional films, CT, MRI, PET scans and other medical images over a network.

For additional information Contact:

Sphere 3D Contact:
Peter Tassiopoulos, CEO
Tel: (416) 749-5999
Peter@sphere3d.com

About Novarad

With more than 850 installations worldwide, Novarad is the healthcare community's trusted provider of radiology technologies. Novarad's full diagnostic suite of PACS, RIS, cardiology, orthopedic and mammography systems increase radiology efficiency and deliver unmatched value. Images and reports are available anytime, anywhere via the full diagnostic viewer, iPad or any mobile device with web access.Novarad also offers the MARZ Vendor Neutral Archive, a leading VNA solution created through a partnership between Dell and Novarad. Novarad has been ISO certified since 2006 and holds FDA 510(k) certification. Please visit: www.novarad.net

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a Mississauga, Ontario based virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator™ management software for VDI. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com, www.v3sys.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements

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SPHERE 3D CORPORATION

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON TUESDAY, MAY 27, 2014

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders of Sphere 3D Corporation (the "**Corporation**") will be held at **The Conservatory Suite, St. Andrew's Club & Conference Centre, 150 King Street West, Toronto, Ontario on Tuesday, May 27, 2014 at 10:00 a.m. (Toronto time)** (the "**Meeting**") for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2013, together with the auditor's report thereon;

2. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to elect six directors for the ensuing year;

3. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution appointing Collins Barrow Toronto LLP as the Corporation's auditor for the ensuing year;

4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to amend the Corporation's stock option plan (i) to increase the maximum number of common shares reserved for issuance pursuant to the exercise of options granted under the stock option plan by 1,250,000 common shares, from 3,375,000 common shares to 4,625,000 common shares, representing approximately 20% of the issued and outstanding common shares of the Corporation on a non-diluted basis, (ii) to provide that the options granted under the stock option plan are non-transferrable, (iii) to provide that no options may be issued to any consultant if such issuance could result in the aggregate number of options granted under the stock option plan, together with any securities issued or granted pursuant to the Corporation's other share compensation arrangements, to such consultant in a 12-month period will exceed 2% of the outstanding common shares, and (iv) to provide that no options may be issued to any eligible person if such issuance could result in the aggregate number of options granted under the stock option plan, together with any securities issued or granted pursuant to the Corporation's other share compensation arrangements, to such eligible person in a 12-month period will exceed 2% of the outstanding common shares.; and

5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

An "Ordinary Resolution" is a resolution which must be approved by at least 50% plus one vote of all votes cast by the shareholders of the Corporation present at the Meeting in person or by proxy in order to become effective.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Information Circular dated April 25, 2014 (the "**Circular**"). A Proxy Form and Return Card also accompany this Notice of Meeting and the Circular. Only shareholders of record at the close of business on April 16, 2014 will be entitled to receive notice of, and to vote at, the Meeting or any adjournment thereof.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to or who do not wish to attend the Meeting in person are requested to date and sign the enclosed Proxy form promptly and return it to Equity Financial Trust Company by one of the following methods:

INTERNET	Go to www.voteproxyonline.com and enter the 12 digit control number included on the Proxy or voting instruction form
FACSIMILE	(416) 595-9593
MAIL or HAND DELIVERY	TMX EQUITY TRANSFER SERVICES Attention: Proxy Department 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1

To be used at the Meeting, proxies must be received by TMX Equity Transfer Services by no later than 10:00 a.m. (Toronto time) on May 23, 2014 or, if the Meeting is adjourned, by no later than 10:00 a.m. (Toronto time) on the second last business day prior to the date on which the Meeting is reconvened, or may be deposited with the Chairman of the Meeting prior to the commencement of the Meeting. If a registered shareholder receives more than one Proxy form because such shareholder owns shares registered in different names or addresses, each Proxy form should be completed and returned.

DATED as of the 25th day of April, 2014.

BY ORDER OF THE BOARD

"Eric Kelly"

Eric L. Kelly
Chairman of the Board

SPHERE 3D CORPORATION

MANAGEMENT INFORMATION CIRCULAR

As at April 25, 2014

SOLICITATION OF PROXIES

This Management Information Circular (the "Circular") is furnished to shareholders of Sphere 3D Corporation (the "Corporation" or "Sphere 3D") in connection with the solicitation by and on behalf of the management of the Corporation of proxies to be used at the annual and special meeting of shareholders (the "Meeting") of the Corporation to be held at The Conservatory Suite, St. Andrew's Club & Conference Centre, 150 King Street West, Toronto, Ontario on Tuesday, May 27, 2014 at 10:00 a.m. (Toronto time), and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the "Notice").

Solicitations may be made by mail and supplemented by telephone or other personal contact by the officers, employees or agents of the Corporation without special compensation. Pursuant to National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation materials to the beneficial owners of the common shares of the Corporation (the "**Shares**"). The cost of any such solicitation will be borne by the Corporation.

The board of directors of the Corporation (the "**Board**") has fixed the record date for the Meeting to be the close of business on April 16, 2014 (the "**Record Date**"). Shareholders of record as of the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) to attend and represent him or her at the Meeting other than those persons named in the enclosed form of proxy. Such right may be exercised by striking out the printed names and inserting such other person's name in the blank space provided in the form of proxy or by completing another proper form of proxy.** A form of proxy will not be valid unless it is completed, dated, signed and delivered to the office of the registrar and transfer agent of the Corporation, TMX Equity Transfer Services, Attention: Proxy Department, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, fax number (416) 595-9593, not less than 48 hours (excluding Saturday, Sunday and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A proxy may be revoked by depositing an instrument in writing, executed by the shareholder or his or her attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for the corporation at the office of TMX Equity Transfer Services, Attention: Proxy Department, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, fax number (416) 595-9593, at any time, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used.

In addition, a proxy may be revoked by the shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation within the time period set out under the heading "Voting of Proxies", or by the shareholder personally attending the Meeting or any adjournment thereof and voting his or her Shares. Any revocation made or delivered at the Meeting or any adjournment thereof shall be valid only with respect to matters not yet dealt with at the time such revocation is received by the Chairman of the Meeting.

VOTING OF PROXIES

All Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Shares represented by the proxy will be voted in accordance with such specifications. **In the absence of any such specifications, the management designees, if named as proxy, will vote FOR of all the matters set out herein**.

The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the date of this Circular, the Corporation is not aware of any amendments to, or variations of, or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.

Proxies, to be valid, must be deposited at the office of Equity Financial Trust Company, Attention: Proxy Department, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, fax number (416) 595-9593, not less than 48 hours (excluding Saturday, Sunday and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

ADVICE TO BENEFICIAL SHAREHOLDERS ON VOTING THEIR SHARES

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold their Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those Shares will not be registered in the shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of CDS Clearing and Depository Services Inc., which acts as depositary for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by his or her broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Services ("**BICS**"). BICS typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to BICS. BICS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting. **A Beneficial Shareholder receiving a proxy with a BICS sticker on it cannot use that proxy to vote Shares directly at the Meeting. The proxy must be returned to BICS well in advance of the Meeting in order to have the Shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Shares, of which, as of April 16, 2014, 23,269,271 Shares were issued and outstanding and entitled to vote at the Meeting on the basis of one vote for each Share held.

The holders of Shares of record at the close of business on the Record Date are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held.

To the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the following persons beneficially own, control or direct, directly or indirectly, more than 10% of the issued and outstanding Shares:

Name of Shareholder	Number of Shares	Percentage of Shares
Mario Biasini President and Director of the Corporation(1)(2)	2,746,429	11.8%
Pinetree Capital Ltd. (3) (investment and merchant banking firm)	2,825,000	12.1%

Note:

(1) Includes 1,146,429 Shares held directly by Mr. Biasini, 300,000 Shares held indirectly through his wife, Sandra Biasini, 300,000 Shares held indirectly in trust for his daughter, Vanessa Biasini, and 1,000,000 Shares held indirectly by his wholly-owned company, Promotion Depot Inc.

(2) Mr. Biasini has entered into a private share transfer agreement pursuant to which he has agreed to transfer 500,000 Shares held in escrow to a director of the Corporation, subject to receipt of various approvals.

(3) Information is obtained from Pinetree Capital Ltd. ("**Pinetree**"). Pinetree together with its joint actors owns, directly and indirectly, an aggregate of 2,525,000 Shares, including the and right to acquire an additional 300,000 Shares upon exercise of certain convertible securities, representing approximately 12.1% of all issued and outstanding Shares as at the date hereof, calculated on a partially diluted basis assuming the exercise of the convertible securities only.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those matters set forth in the accompanying Notice of Meeting relating to (i) the receipt of the financial statements and auditors' report thereon; (ii) the election of directors; (iii) the appointment of auditors, and (iv) the amendment of the Corporation's stock option plan.

I. Presentation of the Audited Annual Financial Statements

Management, on behalf of the Board, will submit to the shareholders at the Meeting the Consolidated Financial Statements of the Corporation for the fiscal year ended December 31, 2013 and the Auditor's Report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken. The Consolidated Financial Statements and Auditor's Report have been mailed to shareholders who requested them.

II. Election of Directors

The Board presently consists of six (6) directors, all of whom are elected annually. The Board has fixed the number of directors to be elected at the Meeting at six (6). It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario) or the Corporation's by-laws. **It is the intention of the management designees, if named as proxy, to vote FOR the election of said persons to the Board.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors.

The following table sets out the names of persons proposed to be nominated by management for election as a director; all positions and offices in the Corporation held by them; their principal occupation for the last five years; the periods during which they have served as a director; and the number of Shares beneficially owned or controlled, directly or indirectly, by them or over which control or direction is exercised, as of the date hereof. Each director elected will hold office until the next annual meeting of the Corporation, unless his office is earlier vacated in accordance with the by-laws of the Corporation or becomes disqualified to act as a director.

Name, Position and Province/State and Country of Residence	**Director Since** (1)	**Principal Occupation**	**Holding of Outstanding Common Shares** (2)
Peter Ashkin (3), (4), (5), (6) Director California, USA	January 16, 2012	President, Peter Ashkin Consulting; Owner and Operator of Red Head Ranch LLC	30,000 / 0.01%
Mario Biasini (3) President and Director Ontario, Canada	October 21, 2009	President, Sphere 3D Corporation	2,746,429 / 11.8%
Glenn M. Bowman (4), (5), (6),(7) Director Ontario, Canada	January 16, 2012	Managing Partner, Capital Canada	25,000 / 0.01%
Eric L. Kelly (3), (4), (5), (6),(7) Director and Chairman California, USA	July 15, 2013	President and Chief Executive Officer, Overland Storage, Inc.	0 / 0%
Jason D. Meretsky (6), (8) Director Ontario, Canada	January 16, 2012	Partner, Meretsky Law Firm	25,000 / 0.01%
Peter Tassiopoulos Chief Executive Officer and Director Ontario, Canada	March 7, 2014	Chief Executive Officer, Sphere 3D Corporation	100,000 / 0.04%

Notes:

(1) Includes period as Director of the predecessor company, Sphere 3D Inc.

(2) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.

(3) Mr. Biasini has entered into a private share transfer agreement pursuant to which which he has agreed to transfer 500,000 Shares held in escrow to a director of the Corporation, subject to receipt of various approvals.

(4) Independent director. See “Corporate Governance – Board of Directors”.

(5) Member of Audit Committee.

(6) Member of Compensation Committee.

(7) Member of the Nominating and Governance Committee.

(8) Effective April 10, 2014, Mr. Meretsky ceased to be a member of the Audit Committee and the Nominating and Governance Committee.

Management recommends voting FOR the resolution to elect the nominated directors.

Further information about each proposed nominee for director is set out below:

Peter Ashkin, Director

Mr. Ashkin is a current member of the Board and also serves as the Chairman of its Compensation Committee. Mr. Ashkin is President of Peter Ashkin Consulting, based in Paso Robles, California, a consulting agency that focuses on high-tech start-up companies. Mr. Ashkin also owns and operates Red Head Ranch in Paso Robles, California, a producer of award winning wines. Previously, Mr. Ashkin served as President of the Technology Group for CanWest Mediaworks (2004 - 2006), at that time, Canada’s largest media company, with multiple locations across Canada consisting of newspapers, broadcast television and cable. Prior to CanWest, Mr. Ashkin served as President of Product Strategy for AOL (America Online) (2001 - 2004), at that time, the world’s largest Internet provider. Mr. Ashkin also served as Senior Vice President and Chief Technology Officer of Gateway Computer (1998 - 2001) and prior thereto a number of senior and executive management positions at both Toshiba Corporation and Apple Inc.

Mario Biasini, President and Director
Mr. Biasini has been a director of the Corporation since he co-founded the business in October 2009 and also serves as its President. Mr. Biasini is also the founder and President of Promotion Depot Inc., a private company in the graphic arts, lithographic printing, digital reproductions and promotional product industry. Founded in 2003, Promotion Depot is an innovative printing and promotion specialties company that has worked with Fortune 500 companies in Canada and the U.S., including: LG Electronics, Samsung, I Travel 2000, Novartis Consumer Health, Dairy Queen and Mentos. Mr. Biasini has over 20 years of operations management and industry contacts.

Glenn M. Bowman, Director
Mr. Bowman is a current member of the Board and serves as the Chairman of the Audit Committee. Mr. Bowman, FCPA, FCA, is Managing Partner with Capital Canada Limited; a recognized leader in providing investment banking services to predominantly mid-market companies, since 2003. Mr. Bowman is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Ontario. He served on the Accounting Standards Board of the Canadian Institute of Chartered Accountants from 2002 to 2006. Mr. Bowman's responsibilities at Capital Canada include investment banking, financial advisory work (including fairness opinions and business and securities valuations), and financial restructuring services. Prior to joining Capital Canada, Mr. Bowman was the President and Director of investment bank Houlihan Lokey Howard & Zukin Canada where he was responsible for managing the Canadian operations, including new business and staff development (1996 - 2003). Mr. Bowman has extensive experience in a wide range of topics including mergers and acquisitions, private placements of debt and equity and preparation and assessment of financial forecasts. Mr. Bowman currently serves on the board of directors of Rockcliff Resources Inc. (TSXV: RCR), a Canadian resource exploration company, and a member of its audit committee (since 2010) and as a member of the board of directors of WireIE Holdings International Inc. (privately held), a global provider of IP based broadband wireless network solutions. Mr. Bowman previously served as Chairman of Alliance Financing Group Inc. (renamed Stream Ventures Inc.).

Eric L. Kelly, Chairman and Director
Mr. Kelly is a current member of the Board and serves as its Chairman, since July 2013. Mr. Kelly has served as Chief Executive Officer of Overland Storage, Inc. (Nasdaq: OVRL) since January 2009, its President since January 2010 and a member of its board of directors since November 2007. From April 2007 to January 2009, Mr. Kelly served as President of Silicon Valley Management Partners Inc., a management consulting and M&A advisory firm, which he co-founded in April 2007. Mr. Kelly has spent nearly 30 years in computer technology developing distinct operational, marketing and sales expertise. His previous corporate affiliations include Adaptec Inc., Maxtor Corp., Dell Computer Corp., Diamond Multimedia, Conner Peripherals and IBM. Mr. Kelly earned an M.B.A. from San Francisco State University and a B.S. in Business from San Jose State University.

Jason D. Meretsky, Director
Mr. Meretsky is a current member of the Board and previously served as its Chairman until July 2013. Since 2009, Mr. Meretsky has practiced corporate and securities law at his own firm, Meretsky Law Firm, as well as participated in various other entrepreneurial pursuits. Previously, he served as Executive Vice President, Corporate Development of Avid Life Media Inc., a Canadian based online media company (2008-2009) and Vice President and General Counsel of Enghouse Systems Limited (TSX: ESL), a public enterprise technology company (2004 - 2008). Prior thereto, Mr. Meretsky practiced corporate and securities law as a partner with Goodman and Carr LLP, a Toronto based full-service law firm. Mr. Meretsky previously served on the board of directors of CECO Environmental Corp. (Nasdaq: CECE) (2010-2013), BioSign Technologies Inc. (TSXV: BIO) (2011-2013), LiveReel Media Corporation (OTCBB: LVRL) (2010-2013) and Homeserve Technologies Inc. (2003-2011). Mr. Meretsky completed the Joint J.D./M.B.A Program from the Schulich School of Business at York University and from Osgoode Hall Law School and is a member in good standing of the Law Society of Upper Canada.

Peter Tassiopoulos, Chief Executive Officer and Director

Mr. Tassiopoulos is a current member of the Board and has served as the Chief Executive Officer of the Corporation since March 4, 2013. Mr. Tassiopoulos has extensive experience in information technology business development and global sales as well as a successful track record leading early-stage technology companies. He has been actively involved as a business consultant over the past 10 years, including acting as Chief Operating Officer and then Chief Executive Officer of BioSign Technologies Inc. (TSXV: BIO) from September 2009 to April 2011 and Chief Executive Officer of IgeaCare Systems Inc. from February 2003 to December 2008.

Certain Nominating and Voting Rights

The Corporation entered into a Board Nominating Right Agreement dated July 15, 2013 whereby Mr. Kelly shall be entitled to nominate one director of the Corporation (the "**Kelly Nominee**") provided Mr. Kelly and persons affiliated with Mr. Kelly collectively own (or have a right to acquire 1,850,000 or more Shares. Mr. Kelly shall serve as the Kelly Nominee unless he is unable to serve in such capacity.

Certain shareholders of the Corporation holding 6,815,000 Shares representing approximately 29.3% of the issued and outstanding shares as of the date hereof, have entered into a Voting Agreement with Mr. Kelly whereby they would agree to vote in favour of the Kelly Nominee at all meetings where directors are appointed.

Except as otherwise stated above, there are no other contracts, arrangements or understandings between any management nominee and any other person (other than the directors and officers of the Corporation acting solely in such capacity) pursuant to which a nominee is to be elected as a director.

Additional Disclosure Relating to Directors

Except as set out below, to the knowledge of the Corporation, no proposed director of the Corporation:

(a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that,

  i. was subject to an order or an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

  ii. was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, "**order**" means:

i. a cease trade order;
ii. an order similar to a cease trade order; or
iii. an order that denied the relevant company access to any exemption under securities legislation, that was in effect for more than 30 consecutive days.

(b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

(d) has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

III. Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Collins Barrow Toronto LLP, Chartered Accountants, of Toronto, Ontario, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix the auditors' remuneration. Collins Barrow Toronto LLP was first appointed auditors of the Corporation effective December 1, 2011.

On the representations of the said auditors, neither that firm nor any of its partners has any direct financial interest nor any material indirect financial interest in the Corporation or any of its subsidiaries nor has had any connection during the past three years with the Corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

Management recommends voting FOR the resolution to appoint Collins Barrow Toronto LLP, Chartered Accountants, as the Corporation's auditors and to authorize the Board to fix their remuneration.

IV. Amendment of the Corporation's Stock Option Plan

The Sphere 3D Corporation stock option plan was initially approved by shareholders of the predecessor company and was subsequently adopted by the Corporation upon its amalgamation with T.B. Mining Ventures Inc. on December 20, 2012. With the approval of the shareholders, the Corporation's stock option plan was amended and restated on September 16, 2013 from a 10% "rolling" stock option plan to a fixed stock option plan authorizing the issuance of up to 20% of the then current issued and outstanding Shares (the "**Plan**").

Proposed Amendments to the Plan

The Board has resolved to amend, subject to shareholder and regulatory approval, the Plan to increase the maximum number of Shares reserved for issuance pursuant to the exercise of options granted under the Plan by 1,275,000 Shares, from 3,375,000 Shares to 4,650,000 Shares, representing approximately 20% of the issued and outstanding Shares of the Corporation on a non-diluted basis. As at April 23, 2014, options to purchase a total of 301,251 Shares had been exercised and Options to purchase up to 2,910,000 Shares were reserved for issuance prior to the proposed amendment.

The Board has also resolved to amend the Plan, subject to shareholder and regulatory approval, to provide that (i) the options granted under the Plan are non-transferrable, (ii) no options may be issued to any consultant if such issuance could result in the aggregate number of options granted under the Plan, together with any securities issued or granted pursuant to the Corporation's other share compensation arrangements, to such consultant in a 12-month period will exceed 2% of the outstanding Shares, and (iii) no options may be issued to any eligible person if such issuance could result in the aggregate number of options granted under the Plan, together with any securities issued or granted pursuant to the Corporation's other share compensation arrangements, to such eligible person in a 12-month period will exceed 2% of the outstanding Shares.

A copy of the amended and restated Plan is attached hereto as Schedule "B" and has been blacklined to the original Plan adopted by the Corporation on September 16, 2013 to show the proposed changes.

Purpose of the Plan and Board of Directors' Recommendation

The purpose of the Plan is to attract, retain and motivate directors, officers, employees and consultants by providing them with the opportunity, through the exercise of options, to acquire a proprietary interest in the Corporation. The Board has concluded that the proposed amendment to the Plan is in the best interests of the shareholders of the Corporation.

At the Meeting, Shareholders will be asked to pass a resolution as set out below approving a resolution amending the Plan as described above (the "Amendment Resolution"), which resolution must be approved by a majority of the votes cast at the Meeting.

The Board recommends that Shareholders vote FOR the Amendment Resolution.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

"BE IT RESOLVED THAT:

1. the Corporation's second amended and restated stock option plan (the " **Plan**"), in the form attached as Schedule "B" to the Circular, is hereby approved and confirmed;

2. all unallocated options issuable pursuant to the Plan, from time to time, are hereby approved and authorized for issuance; and

3. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, and, if appropriate, deliver all documents and instruments and to do all other things as in the opinion of such director or officer as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of such action."

Unless a Shareholder directs that his or her Shares are to be voted against the Amendment Resolution, the management nominees named in the enclosed form of proxy will vote FOR the Amendment Resolution. A majority of the votes cast by shareholders at the Meeting shall be required to approve the Amendment Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

For purposes of this Statement of Executive Compensation, a named executive officer of the Corporation (an "**NEO**") means an individual who, at any time during the year, was

(a) the Corporation's chief executive officer;
(b) the Corporation's chief financial officer;
(c) each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year; and
(d) each individuals who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

The NEOs who are the subject of this Compensation Discussion and Analysis are Peter Tassiopoulos, the Chief Executive Officer of the Corporation (effective as of March 4, 2013), Mario Biasini, the President and former Chief Executive Officer of the Corporation, and T. Scott Worthington, the Chief Financial Officer of the Corporation.

Compensation Discussion and Analysis

The Corporation does not have a formal compensation program in place other than entering into employment contracts with each NEO and paying base salaries, bonuses, expense allowances and benefits to the NEOs under the employment contracts, as well as granting stock options pursuant to the Plan to the NEOs. The Corporation recognizes the need to provide compensation packages that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The objectives of base salary are to recognize market pay, and to acknowledge the competencies and skills of individuals. The objectives of performance bonuses are to encourage and reward performances from the NEOs which result in positive developments for the Corporation, and are tied to such events as obtaining new funding; sale of the Corporation or substantially all of its assets; obtaining regulatory certifications and approvals; filing patent applications or obtaining patents; acquiring significant manufacturing or sales opportunities; and/or obtaining grant application approvals. The objective of expense allowances such as car allowances or home office allowances is to reimburse the NEOs for the costs and expenses incurred by the NEO as a result of the positions they hold with the Corporation. The objectives of stock option grants are to award achievement of long-term financial and operating performance and to focus on key activities and achievements which are critical to the ongoing success of the Corporation.

The Corporation has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Corporation at competitive industry rates for work of a similar nature by reputable arm's length service providers.

The process for determining executive compensation relies solely on Board discussions without any formal objectives, criteria and/or analysis. Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Corporation's securities.

Annual Base Salary

Base salary for the NEOs is determined by the Board primarily by comparison of the remuneration paid by other companies with the same size and industry and with publicly available information on remuneration.

The annual base salary paid to the NEOs shall, for the purpose of establishing appropriate increases, be reviewed annually by the Board as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase shall be in the sole discretion of the Board.

Long Term Incentive Plan (LTIP)

The Corporation does not have a formal or written LTIP in place, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Corporation's securities), was paid or distributed to the NEO during the most recently completed financial years ended December 31, 2013 and December 31, 2012. However, the Corporation provides performance bonuses in its employment contracts whereby certain officers are eligible for a base performance bonus equivalent to a percentage of their annual base salary, as calculated from time to time. The bonus is calculated in accordance with the bonus program to be determined by the Board, or any Committee which is appointed by the Board to perform these duties, and may be based on one or more of the following milestones:

- sale of the Corporation or substantially all of its assets;
- obtaining significant funding;
- acquisition of significant sales or reseller/distribution opportunities;
- filing patent applications.

Option-Based Award

An option-based award is in the form of grants of options pursuant to the Plan. The objective of option-based awards is to reward NEOs, employees, consultants and directors for their individual performance at the discretion of the Board.

The Corporation currently maintains a stock option plan, under which stock options have been granted and may be granted to purchase Shares. The Plan is administered by the Board and the process to grant option-based awards to executive officers and others is within the discretion of the directors. All previous grants of option-based awards are taken into account when considering new grants.

Compensation Source	**Description of Compensation**	**Compensation Objectives**
Annual Base Salary (all NEOs)	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
Performance Bonus (all NEOs)	NEOs will be eligible for a base performance bonus equivalent to a percentage (%) of their annual base salary, as calculated from time to time. The bonus shall be calculated in accordance with the bonus program to be determined by the Board, or any Committee which is appointed by the	Encourage and reward performances from the NEOs which result in positive developments for the Corporation

Compensation Source	Description of Compensation	Compensation Objectives
	Board to perform these duties. Bonuses will be assessed and paid on an annual basis on the following milestones: • sale of the Corporation or substantially all of its assets; • obtaining significant funding; • acquisition of significant sales or reseller/distribution opportunities; or • filing patent applications.	
Stock Options	Equity grants are made in the form of stock options. The amount of the grant will be dependent on individual and corporate performance	Retain qualified leaders, motivate strong business performance

Summary Compensation Table

The following table sets forth all compensation for services rendered in all capacities to the Corporation for the fiscal years ended December 31, 2013, 2012 and 2011 in respect of the NEOs. Except as set forth below, the Corporation had no other executive officers, or individuals acting in a similar capacity, whose total compensation during the fiscal year ended December 31, 2013 exceeded $150,000.

Name and Principal Position	Year	Salary ($) (1)	Share-based awards ($)	Option-based awards (2) ($)	Non-equity incentive plan compensation ($)	All other compensation (3) ($)	Total compensation ($)
Peter Tassiopoulos (4) Chief Executive Officer	2013 2012 2011	150,000 Nil Nil	Nil Nil Nil	129,611 Nil Nil	Nil Nil Nil	180,000 Nil Nil	459.611 Nil Nil
Mario Biasini (5) President and former Chief Executive Officer	2013 2012 2011	110,000 137,292 112,383	Nil Nil Nil	27,778 Nil Nil	Nil Nil Nil	Nil Nil Nil	137,778 137,292 112,383
T. Scott Worthington (6) Chief Financial Officer	2013 2012 2011	120,000 111,250 34,808	Nil Nil Nil	27,778 78,300 Nil	Nil Nil Nil	30,000 Nil Nil	177,778 189,250 34,808
John Morelli (7) Chief Technology Officer	2013 2012 2011	150,000 150,000 100,833	Nil Nil Nil	55,556 Nil Nil	Nil Nil Nil	75,000 Nil 53,110	280,556 150,000 153,943

Notes:

(1) Salary includes payments that may have been made as consulting fees.
(2) The fair value of the options issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% and (IV) an expected life of 3 years.
(3) Represents annual bonus payments.
(4) Mr. Tassiopoulos became Chief Executive Officer as of March 4, 2013. Mr. Tassiopoulos is entitled to receive a base salary, benefits and a performance bonus payable upon the achievement of certain goals and corporate objectives. See “Termination and Change of Control Benefits”.
(5) Mr. Biasini served as the Chief Executive Officer of the Corporation from October 2010 to March 2013 and has been President since October 2010.
(6) Mr. Worthington became Chief Financial Officer on December 1, 2011. From August 2011 to December 1, 2011, Mr. Worthington was a consultant to the Corporation.
(7) Mr. Morelli is a consultant to the Corporation and also served as the Corporation’s Chief Technology Officer for the period January 2011 to March 7, 2014, when he also resigned as an officer and director of the Corporation in order to focus his time on his development activities.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the NEOs to purchase securities of the Corporation outstanding at the end of the most recently completed financial year ended December 31, 2013.

Name	Option-based awards				Share-based awards	
	Number of securities underlying unexercised options (#)	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options[1] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Peter Tassiopoulos	100,000 100,000	0.85 2.68	March 4, 2013 September 16, 2013	571,000 388,000	25,000 75,000	142,750 291,000
Mario Biasini	25,000	2.68	September 16, 2013	97,000	18,750	72,750
T. Scott Worthington	150,000 100,000 25,000	0.85 0.85 2.68	January 16, 2012 September 9, 2012 September 16, 2013	856,500 571,000 97,000	- 66,667 18,750	- 380,669 72,750
John Morelli	50,000	2.68	September 16, 2013	194,000	37,500	145,500

Notes:

(1) Based on closing share price of $6.56 as at December 31, 2013.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to NEOs during the most recently completed financial year ended December 31, 2013.

Name	Option-based awards – value vested during the year[1] ($)	Share-based awards – value vested during the year ($)	Non-equity incentive plan compensation – value earned during the year ($)
Peter Tassiopoulos	286,250	Nil	Nil
Mario Biasini	73,354	Nil	Nil
T. Scott Worthington	19,688	Nil	Nil
John Morelli	39,375	Nil	Nil

Note:

(1) The aggregate dollar value that would have been realized if the options had been exercised on the vesting date.

Stock Option Plan

Effective December 20, 2012, in conjunction with the Corporation's Amalgamation Agreement, the shareholders of the Corporation approved a "rolling" stock option plan, which reserves for issuance up to a maximum of 10% of the issued and outstanding Shares from time to time. With the approval of the shareholders, the Corporation's stock option plan was amended and restated on September 16, 2013 from a 10% "rolling" stock option plan to a fixed stock option plan authorizing the issuance of up to 20% of the then current issued and outstanding Shares. Assuming approval of the Amendment Resolution, the maximum number of shares to be issued under the Plan shall be 4,650,000.

The purpose of the Plan is to provide compensation opportunities to directors, officers, employees and consultants to align their interests with those of shareholders and to assist in attracting and retaining individuals of exceptional ability. Subject to the requirements of the Plan, the Board has the authority to select those directors, officers, employees and consultants to whom options will be granted, the number of options to be granted to each person and the price at which Shares may be purchased.

In addition to the proposed amendment set forth in "IV. Amendment Corporation's Stock Option Plan – Increase of Number of Options Available", the key features of the Plan are as follows:

- Eligible participants are full-time and part-time employees, officers and directors of, or consultants to, the Corporation or its affiliates, which may be designated from time to time by the directors of the Corporation.

- The fixed maximum percentage of Shares issuable under the Plan is 20% of the issued and outstanding Shares as of the date of this Circular.

- The Board determines the exercise price of each option at the time the option is granted, provided that such price is not lower than the "market price" of Shares at the time the option is granted, pursuant to the rules of the TSX Venture Exchange (the "**Exchange**"), or another stock exchange where the majority of the trading volume and value of Shares occurs, immediately preceding the relevant date.

- Unless otherwise determined by the Board, each option becomes exercisable as to 331/3% on a cumulative basis, at the end of each of the first, second and third year anniversary following the date of grant.

- The period of time during which a particular option may be exercised is determined by the Board, subject to any employment contract or consulting contract, provided that no such option term shall exceed 10 years.

- Options may terminate prior to expiry of the option term in the following circumstances: (i) on the death, disability or retirement of an optionee, options vested as at the date of such event are immediately exercisable until the earlier of 365 days from such date and expiry of the option term; and (ii) if an optionee ceases to be a director, officer, employee and consultant of the Corporation for any reason other than death, disability or retirement, including receipt of notice from the Corporation of the termination of his, her or its employment contract or consulting contract, options vested as at the date termination are exercisable until the earlier of 90 days following such date (which date may be extended by the Board to a date that is 12 months following such date) and expiry of the option term.

- In the event of (i) the Corporation accepts an offer to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or in the event that holders of greater than 50% of the Corporation's outstanding Shares accept an offer made to all or substantially all of the holders of the Shares of the Corporation to purchase in excess of 50.1% of the current issued and outstanding Shares, or (ii) the Corporation accepts an offer to sell all or substantially all of its property and assets so that the Corporation shall cease to operate as an active business, then at the discretion of the Board at the time of grant or at any time thereafter, all unvested options shall, without any further action on behalf of the Corporation be automatically vested and may be exercised within a specified period thereafter.

- Options and rights related thereto held by an optionee are not to be assignable or transferable except on the death of the optionee.

- The Board may from time to time in its absolute discretion amend, modify and change the provisions of the Plan or any options granted pursuant to the Plan, provided that any amendment, modification or change to the provisions of the Plan or any options granted pursuant to the Plan shall not adversely alter or impair any option previously granted and be subject to regulatory approvals, including, where applicable, the approval of the Exchange in various circumstances as more particularly set forth in the Plan.

- The Board may discontinue the Plan at any time without consent of the participants under the Plan provided that such discontinuance shall not adversely alter or impair any option previously granted.

As at April 23, 2014, there were an aggregate of 2,910,000 options to purchase Shares outstanding.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth certain information as at December 31, 2013, being the Corporation's most recently completed financial year, with respect to the Plan under which equity securities of the Corporation are authorized for issuance.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders[1]	2,810,000	$1.18	384,999
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	2,810,000	$1.18	384,999

Note:

(1) Based on the Plan as approved and adopted on September 16, 2013.

Termination and Change of Control Benefits

Pursuant to a consulting services contract dated March 1, 2013 between the Corporation and P&T Associates Inc., the Corporation retained the services of Peter Tassiopoulos as Chief Executive Officer. Mr. Tassiopoulos is eligible for performance bonuses, at the sole discretion of the Board of Directors, and financial bonuses at market rates in the event the Corporation completes future non-brokered financings or other capital transactions, up to and including full divestiture of the Corporation or its assets, on a sliding scale of 1% to 5% of the transaction value. In the event of termination of Mr. Tassiopoulos' retainer without cause, Mr. Tassiopoulos is entitled to a lump sum payment equal to 6 months' of his retainer (excluding bonus) if such termination is within the first twelve months of his retainer, and if it is thereafter, then two additional months of retainer for each additional completed year of his retainer, to a maximum of 18 months and any unpaid expenses incurred to the date of termination.

Pursuant to an employment contract dated December 1, 2011, as amended on February 1, 2012, between the Corporation and Scott Worthington, Mr. Worthington is entitled to receive a base salary of $150,000, plus benefits and a performance bonus payable upon the achievement of certain goals and corporate objectives. During certain periods in calendar 2013, Mr. Worthington agreed to waive a portion of his base salary and to work a reduced workweek until the Corporation reached a stronger level of operations and financial position to warrant Mr. Worthington's full-time involvement. In the event of termination of Mr. Worthington's employment without cause, Mr. Worthington is entitled to receive a lump sum payment equal to 6 months' base salary, plus one additional month of base salary for each completed one year of employment, to a maximum of 12 months, any accrued but unused vacation pay under the *Employment Standards Act* (Ontario), and any unpaid expenses incurred to the date of termination.

Pursuant to a consulting services contract dated January 1, 2012 between the Corporation and GFM Digital Logics Inc., the Corporation retained the services of John Morelli as Chief Technology Officer. Mr. Morelli is entitled to receive a monthly payment of $12,500 and is eligible for financial bonuses at the discretion of the Board. Mr. Morelli is not entitled to any further compensation if the Corporation elects to terminate these consulting arrangements. On March 7, 2014, Mr. Morelli resigned as a director and officer of the Corporation and assumed the role of Vice-President of Research and Development to focus on development activities.

The Corporation has not entered into an employment or other management contract with Mr. Biasini.

Director Compensation

The following table sets forth compensation information for the year ended December 31, 2013 for the directors that are not NEOs:

Name	**Fees Earned** (1) ($)	**Share-based awards** ($)	**Option-based awards**(2) ($)	**Non-equity incentive plan compensation** ($)	**Total** ($)
Eric Kelly (3), (4)	Nil	Nil	242,778	Nil	242,778
Peter Ashkin (4)	20,000	Nil	32,444	Nil	52,444
Glenn Bowman (4)	20,000	Nil	32,444	Nil	52,444
Jason Meretsky (4)	20,000	Nil	32,444	Nil	52,444

Notes:

(1) For the period from January to August 2013, the Corporation accrued, but did not pay, Messrs. Ashkin, Bowman and Meretsky, being non-management directors, the sum of $2,500 per month, which is payable in cash or, at the option of the Corporation, in shares. At the September 16, 2013 meeting of the Board of Directors, the independent directors waived any further accruals and have deferred the payment of the accrued fees. Given the early nature of the business, the Board felt it appropriate to conserve cash and to more closely align the non-management directors' interests with that of the shareholders by granting options by way of compensation for services.

(2) The fair value of the options issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% and (IV) an expected life of 3 years.

(3) On July 15, 2014, Mr. Kelly, the Chairman of the Board, was awarded stock options to purchase 850,000 Shares at an exercise price of $0.65 per share, which option grant was ratified by the shareholders of the Corporation on September 16, 2013.

(4) On September 16, 2013, Mr. Ashkin, Mr. Bowman, Mr. Kelly and Mr. Meretsky were each awarded stock options to purchase 25,000 Shares at an exercise price of $2.68 per share.

CORPORATE GOVERNANCE

General

National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

Board of Directors

NI 58-101, together with Section 1.4 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provides that a director is "independent" if the director has no direct or indirect material relationship with the issuer, a "material relationship" being one which could, in the view of the issuer's Board, be reasonably expected to interfere with the exercise of a member's independent judgment. To facilitate independence, the Corporation is committed to the following practices:

1) to expand the Board's composition through the recruitment of strong, independent directors;

2) to adhere to the independence requirements of the Exchange and applicable securities legislation relating to the composition of the Board; and

3) to ensure that all committees of the Board are constituted of a majority of independent directors, and solely independent directors, if possible.

The Board has determined that the following individuals are independent during the year ended December 31, 2013 within the meaning of NI 58-101 and NI 52-110: Peter Ashkin, Glenn Bowman and Eric Kelly, who joined the Board as of July 15, 2013. As Jason D. Meretsky has received more than $75,000 in direct compensation from the Corporation for the provision of legal services during the prior 12 months, he is not considered independent as per the definition set forth in NI 52-110. The Board has determined that Mario Biasini and Peter Tassiopoulos are not independent because of their positions as officers of the Corporation (holding the position of President and Chief Executive Officer of the Corporation, respectively). As a result, the Board is currently comprised of three independent directors, which satisfies the requirements of Exchange Policy 3.1 *Directors, Officer, Other Insiders & Personnel and Corporate Governance*, being at least two independent directors.

Directorships

The Board has a policy of reviewing directorships and committee appointments held by directors in other public companies, ensuring each director is able to fulfill his duties and that conflicts of interest are avoided. No director serves on the board of any other public company with any other director of the Corporation. The following table sets forth details regarding other public company directorships and committee appointments currently held by the Corporation's directors:

Director	Name of Reporting Issuer	Name of Exchange or Market	Position	Committee Appointments
Peter Ashkin	None			
Mario Biasini	None			
Glenn Bowman	Rockcliff Resources Inc.	TSXV		Audit
Eric Kelly	Overland Storage, Inc.	Nasdaq	Director, President & Chief Executive Officer	
Jason D. Meretsky	None			
Peter Tassiopoulos	Argentium Resources	CSE	Director	

Orientation and Continuing Education

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors. When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for such new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Corporation's business. When required, the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

Measures to Encourage Ethical Business Conduct

The directors are required to abide by all relevant regulatory rules and regulations. The Board monitors compliance by requiring directors and officers to declare any conflicts of interest or any other situation that could represent a potential violation of any applicable rules and regulations. When applicable, the Board will receive reports from management regarding any allegations of unethical conduct.

Nomination of Directors

During 2013, the Board as a whole was responsible for identifying and evaluating qualified candidates for nomination to the Board. In identifying candidates, the Board considers the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; the competencies and skills that each new nominee will bring to the Board; and the ability of each new nominee to devote sufficient time and resources to his or her duties as a director.

Effective March 21, 2013, the Board established a Nominating and Governance Committee as a standing committee of the Board, the primary function of which is to oversee corporate governance activities as described above. See "Corporate Governance – Assessment of Directors, the Board and Board Committees".

Assessment of Directors, the Board and Board Committees

The Board does not have at this time any formal policies to evaluate the effectiveness of the Board, the Audit and Compensation Committees or individual directors. The Board may appoint a special committee of directors to evaluate the Board and its committees and to assess the contribution of its individual directors and to recommend any modifications to the functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committee of directors to perform such analysis.

Board Committees

The Board has established an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. The Board, Audit Committee, Compensation Committee and the Nominating and Governance Committee's mandate, organization, powers and responsibilities, along with other Corporate Governance documents can be found on the Corporation's website at http://www.sphere3d.com/investors-corporate-governance.

Audit Committee

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which includes monitoring the quality and integrity of the Corporation's financial statements and the independence and performance of the Corporation's external auditor, acting as a liaison between the Board and the Corporation's external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management that the Board has established.

Audit Committee Charter

The Board has adopted the Audit Committee Charter which sets out the Audit Committee's mandate, organization, powers and responsibilities. The Audit Committee Charter is attached as Schedule "A" to this Circular.

Composition of the Audit Committee

The Audit Committee during the year ended December 31, 2013, consisted of the following directors: Mr. Glenn Bowman (Chair), Mr. Eric Kelly, Mr. Peter Ashkin and Mr. Jason Meretsky. Messrs. Bowman, Kelly and Ashkin are independent and Mr. Meretsky was not considered independent as the aggregate direct consideration received from his law firm for legal services provided to the Corporation exceeded $75,000 in the prior 12 month period as per the definition set forth in NI 52-110. Notwithstanding, the Board has determined in its reasonable judgment that Mr. Meretsky is able to exercise the impartial judgment necessary to fulfill his responsibilities as an Audit Committee member and his appointment is in the best interests of the Corporation and its shareholders. Each of the members of the Audit Committee are "financially literate" within the meaning of NI 52-110.

Effective April 10, 2014, Mr. Meretsky ceased to be a member of the Audit Committee. As a result, all of the members of the Audit Committee consist of independent directors as per the definition set forth in NI 52-110.

Relevant Education and Experience

Details of Messrs. Bowman, Kelly, Ashkin and Meretsky's relevant Education and Experience can be found under "II. Election of Directors" of this Circular.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 that provides that the Corporation, as a venture issuer, is not required to comply with Part 5 (*Reporting Obligations*) of NI 52-110.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) thereof.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and, where applicable, the Audit Committee, on a case-by-case basis.

External Auditor Service Fees (By Category)

The following table sets forth information about the fees billed to the Corporation for professional services rendered by the current auditors of the Corporation for fiscal years 2013 and 2012, respectively:

		2013		**2012**
Audit Fees	$	28,325	$	20,600
Quarterly Review Fees	$	1,957		Nil
Tax Fees	$	5,150	$	5,665
All other Fees	$	824	$	19,570
Total:	$	36,256	$	45,835

Compensation Committee

The Compensation Committee is a standing committee of the Board, the primary function of which is to appoint and compensate the Chief Executive Officer, review the appointment and compensation of senior management, succession planning, assisting the Board in setting objectives for the Chief Executive Officer, reviewing and administering the Corporation's long-term incentive plans(s), and reviewing the Corporation's general human resources policies.

A majority of the Compensation Committee is comprised of independent directors according to the definition of "independence" set out in NI 52-110 as it applies to the Board. The Compensation Committee during the year ended December 31, 2013, consisted of the following directors: Mr. Peter Ashkin (Chair), Mr. Eric Kelly, Mr. Glenn Bowman and Mr. Jason Meretsky. Messrs. Bowman, Kelly and Ashkin are independent and Mr. Meretsky was not considered independent as the aggregate direct consideration received from his law firm for legal services provided to the Corporation exceeded $75,000 in the prior 12 month period as per the definition set forth in NI 52-110.

No compensation consultant or advisor was retained by the Corporation during the fiscal year ended December 31, 2013.

Corporate Governance

During calendar 2013, the Board as a took responsibility for corporate governance, including, without limitation, all matters relating to the stewardship role of the Board in respect of the management of the Corporation, Board size and composition including the identification of new nominees to the Board and leading the candidate selection process, and orientation of new members, Board compensation and such procedures as may be necessary to allow the Board to function independently of management.

The Board, under the direction of the Chairman annually reviews and assesses the effectiveness of the Board as a whole, the membership of the Board committees, the mandates and activities of each committee and the contribution of individual directors and will make such recommendations to the Board arising out of such review as it deems appropriate.

Effective March 21, 2013, the Board established a Nominating and Governance Committee as a standing committee of the Board, the primary function of which is to oversee corporate governance activities as described above.

A majority of the Nominating and Governance Committee is comprised of independent directors according to the definition of "independence" set out in NI 52-110 as it applies to the Board. The Nominating and Governance Committee consists of the following directors: Mr. Jason Meretsky (Chair), Mr. Peter Ashkin, Mr. Eric Kelly and Mr. Glenn Bowman. Messrs. Bowman, Kelly and Ashkin are independent and Mr. Meretsky was not considered independent as the aggregate direct consideration received from his law firm for legal services provided to the Corporation exceeded $75,000 in the prior 12 month period as per the definition set forth in NI 52-110.

Effective April 10, 2014, Mr. Meretsky ceased to be a member of the Nominating and Governance Committee and Mr. Kelly assumed the role of Chairman. As a result, all of the members of the Nominating and Governance Committee consist of independent directors as per the definition set forth in NI 52-110.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Corporation or any associate of any such director or executive officer is or has been, at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or its subsidiaries, nor at any time since the beginning of the most recently completed financial year of the Corporation has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has directors' and officers' liability insurance for the benefit of the directors and officers of the Corporation in the aggregate amount of $10,000,000 for the year ended December 8, 2014, consisting of: (i) a primary policy of $5,000,000, having a deductible amount of $25,000 for each corporate reimbursement claim and security claim, for a total annual premium of $16,000, and (ii) an excess policy of $5,000,000, having a deductible amount of $25,000 for each corporate reimbursement claim and security claim, for a total annual premium of $10,500.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Circular, the directors of the Corporation are not aware of any material interest, direct or indirect, of any person who has been a director or officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, any proposed nominee for election as a director or any associate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers may be granted options pursuant to the Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, neither the Corporation, nor any director or officer of the Corporation, nor any insider of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the commencement of the Corporation's last completed financial year, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries.

OTHER MATTERS TO BE ACTED UPON

There are no other matters to be considered at the Meeting which are known to the directors or senior officers of the Corporation at this time. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting, and other matters which may properly come before the Meeting or any adjournment thereof.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators at www.sedar.com. Financial information regarding the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders of the Corporation may contact the Corporation at 240 Matheson Blvd. East, Mississauga, ON L4Z 1X1 to request copies of the Corporation's financial statements and management's discussion and analysis.

DIRECTORS' APPROVAL

The contents and sending of this Circular have been approved by the directors of the Corporation.

DATED as of the 25th day of April, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

"Eric Kelly"

Eric L. Kelly
Chairman

Schedule "A"

Audit Committee Charter

AUDIT COMMITTEE MANDATE

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1 Purpose

The Audit Committee will assist the Board of Directors of Sphere 3D Corporation in its oversight of the integrity and reliability of the Corporation's accounting principles and practices, financial statements and other financial reporting, and disclosure principles and practices used by the Corporation's management. In compliance with the Multilateral Instrument 52-110 and the applicable rules and regulations of the United States Securities and Exchange Commission and the NASDAQ Listing Rules, the Audit Committee shall have responsibility over administering (i) the qualifications, independence and performance of the independent auditors (hereafter also referred to as the "external auditors") of the Corporation, (ii) the establishment by management of an adequate system of internal controls and procedures, (iii) the effectiveness of the internal controls and procedures, and (iv) the compliance by the Corporation with legal and regulatory requirements.

2 Composition

The Board of Directors will appoint the Audit Committee members and an Audit Committee Chair. The Audit Committee shall be composed of three members of the Board of Directors. Each Audit Committee member will be Financially Literate. One member of the Audit Committee shall be considered a "financial expert" as defined by the United States Securities and Exchange Commission. The composition and qualifications of all Audit Committee members shall comply with all applicable legal and regulatory requirements and will be kept current as regulations evolve. Each member of the Audit Committee shall be an Independent Director.

3 Meetings

The Audit Committee will meet at least four times per year and at least once every fiscal quarter, with authority to convene additional meetings, as circumstances require. All Audit Committee members are expected to attend each meeting, in person or via telephone conference. The Audit Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and executive sessions. The Audit Committee may meet privately with any single member of management or any combination of members of management, as it deems appropriate. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

4 Duties and Responsibilities

4.1 Financial Reporting

4.1.1 Review with management and the external auditors any items of concern, any proposed changes in the selection or application of major accounting policies and the reasons for the change, any identified risks and uncertainties, and any issues requiring management judgment, to the extent that the foregoing may be material to financial reporting.

4.1.2 Consider any matter required to be communicated to the Audit Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the external auditors' report to the Audit Committee (and management's response thereto) on: (i) all critical accounting policies and practices used by the Corporation; (ii) all material alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the external auditors; and (iii) any other material written communications between the external auditors and management.

4.1.3 Require the external auditors to present and discuss with the Audit Committee their views about the quality, not just the acceptability, of the implementation of generally accepted accounting principles with particular focus on accounting estimates and judgments made by management and their selection of accounting principles.

4.1.4 Discuss with management and the external auditors (i) any accounting adjustments that were noted or proposed (i.e., immaterial or otherwise) by the external auditors but were not reflected in the financial statements; (ii) any material correcting adjustments that were identified by the external auditors in accordance with generally accepted accounting principles or applicable law; (iii) any communication reflecting a difference of opinion between the audit team and the external auditors' national office on material auditing or accounting issues raised by the engagement; and (iv) any "management" or "internal control" letter issued, or proposed to be issued, by the external auditors to the Corporation.

4.1.5 Discuss with management and the external auditors any significant financial reporting issues considered during the fiscal period and the method of resolution. Resolve disagreements between management and the external auditors regarding financial reporting.

4.1.6 Review with management and the external auditors (i) any off-balance sheet financing mechanisms being used by the Corporation and their effect on the

Corporation's financial statements; and (ii) the effect of regulatory and accounting initiatives on the Corporation's financial statements, including the potential impact of proposed initiatives.

4.1.7 Review with management and the external auditors and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed or reflected in the financial statements.

4.1.8 Review with the external auditors any audit problems or difficulties experienced by the external auditors in performing the audit, including any restrictions or limitations imposed by management, and management's response. Resolve any disagreements between management and the external auditors regarding these matters.

4.1.9 Review the results of the external auditors' audit work including findings and recommendations, management's response, and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.

4.1.10 Review and discuss with management and the external auditors the audited annual financial statements and related management's discussion and analysis, make recommendations to the Board with respect to approval thereof, before being released to the public, and obtain an explanation from management of all significant variances between comparable reporting periods.

4.1.11 Review and discuss with management and the external auditors all interim unaudited financial statements and quarterly reports and related interim management's discussion and analysis and make recommendations to the Board with respect to the approval thereof, before being released to the public.

4.1.12 Review all earnings press releases. Discuss the type and presentation to be included in earnings releases (paying particular attention to any use of *pro forma* or "adjusted" non-GAAP information).

4.1.13 Review all other press releases containing financial information based upon the

Corporation's financial statements prior to their release or earnings guidance.

4.1.14 Approve the appointment and replacement of the Chief Financial Officer and review with the Chief Financial Officer the appointment and replacement of other members of senior management who will be involved in financial reporting.

4.1.15 In conjunction with the Corporate Governance and Compensation Committee, review succession plans for the Chief Financial Officer.

4.1.16 Review the necessary information to file the Annual Information Form, if required by applicable legislation to be filed, and to distribute management information circular as required by Form 52-110F1.

4.2 Disclosure Controls, Internal Controls and Risk Management

4.2.1 Review the adequacy of the internal controls over financial reporting that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records and any special audit steps adopted in light of material control deficiencies.

4.2.2 Review the disclosure controls and procedures that have been adopted by the Corporation to confirm that:

4.2.2.1 adequate procedures are in place for the review of all other audited or unaudited financial information extracted or derived from the

Corporation's financial statements which is to be contained in public disclosure documents (including without limitation, any prospectus, or other offering or public disclosure documents and financial statements requested by regulatory authorities); and

4.2.2.2 material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

4.2.3 Review periodically the Corporation's policies with respect to financial risks, including the steps taken to monitor and control such risks.

4.3 External Auditors

4.3.1 Responsible for the appointment, compensation, retention and oversight of the work of any External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation.

4.3.2 Instruct the external auditors that:

4.3.2.1 they are ultimately accountable to the Board and the Audit Committee, as representatives of shareholders; and

4.3.2.2 they must report directly to the Audit Committee.

4.3.3 Confirm that the external auditors have direct and open communication with the Audit Committee and that the external auditors meet regularly with the Audit Committee without management present to discuss any matters that the Audit Committee or the external auditors believe should be discussed privately.

4.3.4 Evaluate the external auditors' qualifications, performance, and independence and report its conclusions to the Board. As part of that evaluation, the Audit Committee will:

4.3.4.1 at least annually, request and review a formal report by the external auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the external auditors and the Corporation, including the amount of fees received by the external auditors for the audit services and for various types of non-audit services for the periods prescribed by applicable law;

4.3.4.2 annually review and confirm with management and the external auditors the independence of the external auditors, including the extent of non-audit services and fees, the extent to which the compensation of the audit partners of the external auditors is based upon selling non-audit services, the timing and process for implementing the rotation of the lead audit partner, reviewing partner and other partners providing audit services for the Corporation, whether there should be a regular rotation of the audit firm itself, and whether there has been a "cooling off" period of one year for any former employees of the external auditors who are now employees with a financial oversight role, in order to assure compliance with applicable law on such matters; and

4.3.4.3 annually review and evaluate senior members of the external audit team, including their expertise and qualifications, taking into account the opinions of management and the internal auditor.

4.3.5 Review and approve the Corporation's policies for hiring employees and former employees of the external auditors. Such policies should include, at minimum, a one-year hiring "cooling off" period.

4.3.6 Meet with the external auditors to review and approve the annual audit plan of the Corporation's financial statements prior to the annual audit being undertaken by the external auditors, including reviewing the year-to-year co-ordination of the audit plan and the planning, staffing and extent of the scope of the annual audit. This review should include an explanation from the external auditors of the factors considered by the external auditors in determining their audit scope, including major risk factors. The external auditors will report to the Audit Committee all significant changes to the approved audit plan.

4.3.7 Review and recommend to the Board the basis and amount of the external auditors' fees with respect to the annual audit in light of all relevant matters.

4.3.8 Review and pre-approve all non-audit service engagement fees and terms in accordance with applicable law, including those provided to the subsidiaries of the Corporation by the external auditors or any other person in its capacity as external auditors of such subsidiary. The Audit Committee may delegate this responsibility to one or more members who will present the pre-approvals to the full Audit Committee at its next scheduled meeting. If desired, the Audit Committee may establish specific policies and procedures for the engagement of the external auditors to perform non-audit services, provided that (i) the pre-approval policies and procedures are detailed as to the particular service to be provided; (ii) the Audit Committee's responsibilities are not delegated to management; and (iii) the Audit Committee is informed of each non-audit service for which the external auditors are engaged. Between scheduled Audit Committee meetings, the Chair of the Audit Committee, on behalf of the Audit Committee, is authorized to pre-approve any audit or non-audit service engagement fees and terms. At the next Audit Committee meeting, the Chair of the Audit Committee will report to the Audit Committee any such pre-approval given.

4.4 Compliance

4.4.1 Monitor compliance by the Corporation with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the directors of the Corporation personally liable.

4.4.2 Obtain regular updates from management regarding compliance with laws and regulations and the process in place to monitor such compliance.

4.4.3 Review, with corporate counsel where required, any litigation, claims, tax assessments, transactions, material inquiries from regulators and government agencies or other contingencies which may have a material impact on financial results or which may otherwise affect the financial well-being of the Corporation the findings of any examination by regulatory authorities and any external auditors' observations relating to such matters.

4.4.4 Establish and oversee the procedures in a Code of Ethics Policy to address:

4.4.4.1 the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

4.4.4.2 the confidential, anonymous submission by employees of concerns regarding such matters.

4.4.5 Receive periodically a summary report from the Corporate Secretary on such matters as required by any Code of Ethics Policy.

4.4.6 Monitor related party transactions and confirm that any political and charitable donations conform to policies and budgets approved by the Board.

4.4.7 Monitor management of hedging, insurance, debt and credit, and make recommendations to the Board respecting policies for management of such risks, and review the Corporation's compliance therewith.

4.4.8 Review on an annual basis the expenses submitted for reimbursement by the Chief Executive Officer.

5 Reporting

The Audit Committee will regularly report to the Board on:

5.1 The independence of the external auditors.

5.2 The performance of the external auditors and the Audit Committee's recommendations regarding its re-appointment or termination.

5.3 The adequacy of the Corporation's internal controls over financial reporting and disclosure controls.

5.4 Its recommendations regarding the annual and interim financial statements of the Corporation, including any issues with respect to the quality or integrity of the financial statements.

5.5 Its review of the annual and interim management's discussion and analysis.

5.6 The Corporation's compliance with legal and regulatory requirements related to financial reporting.

5.7 All other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

6 Minutes

Minutes will be kept of each meeting of the Audit Committee and will be available to each member of the Board. Any action of the Audit Committee (other than actions for which the Audit Committee has sole authority as set forth herein) shall be subject to revision, modification, rescission, or alteration by the Board.

7 Review and Evaluation

The Audit Committee will annually review and evaluate the adequacy of its mandate and recommend any proposed changes to the Corporate Governance and Compensation Committee. The Audit Committee will participate in an annual performance evaluation by the Corporate Governance and Compensation Committee, the results of which will be reviewed by the Board.

8 Chair

Each year, the Board will appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair of the Audit Committee, the incumbent Chair of the Audit Committee will continue in office until a successor is appointed.

9 Removal and Vacancies

Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee upon ceasing to be a director. The Board may fill vacancies on the Audit Committee by appointment from among its members. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum (at least two committee members) remains in office. Subject to the foregoing, each member of the Audit Committee shall remain as such until the next annual meeting of shareholders after that member's election.

10 Access to Outside Advisors

The Audit Committee may, without seeking approval of the Board or management, select, retain, terminate, set and approve the fees and other retention terms of any outside advisor, as it, acting reasonably, deems appropriate. The Corporation will provide for appropriate funding, for payment of compensation to any such advisors, and for ordinary administrative expenses of the Audit Committee.

11 Definitions

Legal terms used in this Mandate have the meanings attributed to them below. Terms not otherwise defined herein have the meanings attributed to them in Multilateral Instrument 52-110, as amended from time to time.

"**Financially Literate**" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

"**Independent Director**" means a director who meets the requirements set forth in Rule 5605 of the NASDAQ Listing Rules, Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, and Multilateral Instrument 52-110.

Schedule “B”

Second Amended and Restated Stock Option Plan

SPHERE 3D CORPORATION

SECOND AMENDED AND RESTATED STOCK OPTION PLAN

~~SEPTEMBER 16, 2013~~

MAY 27, 2014

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SPHERE 3D CORPORATION
AMENDED AND RESTATED STOCK OPTION PLAN

1. PURPOSE

1.1 Purpose

The purpose of the Plan is to advance the interests of the Corporation by attracting, retaining and motivating persons as directors, officers, key employees and consultants of the Corporation and its Affiliated Corporations and providing them with a greater incentive to develop and promote the growth and success of the Corporation by granting to them options to purchase shares in the capital of the Corporation.

2. INTERPRETATION

2.1 Definitions

For the purposes of the Plan, unless they are otherwise defined elsewhere herein, the following terms have the following meanings, respectively:

(a) "**Affiliate**" has the meaning set forth in the *Securities Act* (Ontario), as amended from time to time;

(b) "**Affiliated Corporation**" is a corporation which is an "affiliate" (as such term is defined in the *Securities Act* (Ontario), as amended from time to time) of the Corporation;

(c) "**Applicable Law**" means the requirements relating to the administration of stock option plans under the applicable corporate and securities laws of Ontario and Canada, any stock exchange or quotation system on which the Shares are listed or quoted and the applicable laws of any foreign country or jurisdiction which apply to Options granted under the Plan;

(d) "**Board**" means the board of directors of the Corporation;

(e) "**Business Day**" means a day that is not a Saturday, a Sunday or a statutory or legal holiday in Toronto, Ontario;

(f) "**Cause**" means any act or omission by the Optionee which would in law permit an employer to, without notice or payment in lieu of notice, terminate the Optionee's employment or services, and shall include, w ithout limitation, the meaning attributed thereto in the employment agreement or consulting agreement, as may be applicable, of such Optionee;

(g) "**Committee**" has the meaning set forth in subsection 3.1(c) hereof;

(h) **"Consultant Optionee"** means an individual, other than an Employee Optionee or an Executive Optionee, that: (i) is engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Corporation or to an Affiliated Corporation under a written contract between the Corporation or the Affiliated Corporation and the individual or a consultant company or consultant partnership of the individual; and (ii) in the Corporation's reasonable opinion, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or that of an Affiliated Corporation; and shall include, other than for the purposes of Sections 4.9, 4.11 and 4.12, any registered retirement savings plans or registered retirement income funds established by or for the individual consultant (or under which the individual consultant is a beneficiary); for purposes of this paragraph, "**consultant company**" means, for an individual consultant, a company of which the individual consultant is an employee or shareholder and "**consultant partnership**" means, for an individual consultant, a partnership of which the individual consultant is an employee or partner;

(i) “**Corporation**” means Sphere 3D Corporation and includes any successor corporation thereto;

(j) **“Date of Grant”** means, for any Option, the date specified by the Board at the time it grants the Option or, if no such date is specified, the date upon which the Option was granted;

(k) “**Disability**” means the mental or physical state of the Optionee such that, as a result of illness, disease, mental or physical disability or similar cause, the Optionee has been unable to fulfil his or her obligations as an employee or consultant of the Corporation or an Affiliated Corporation either for any consecutive six-month period or for any period of nine months (whether or not consecutive) in any consecutive 12-month period, provided that, where the Optionee has entered into a written employment or consulting agreement with the Corporation or an Affiliated Corporation, “**Disability**” will have the meaning attributed to that term, or the term equivalent in concept, contained in that employment or consulting agreement;

(l) “**Disinterested Shareholder Approval**” means approval by a majority of the votes cast by all the Corporation’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Shares beneficially owned by Insiders who are service providers or their associates;

(m) “**Eligible Person**” means a Consultant Optionee, Employee Optionee or Executive Optionee;

~~(n)~~ “~~**Eligible Transferee**” means, in respect of a particular Optionee, such of the following as have specifically been designated by the Board as an Eligible Transferee of such Optionee: (i) a registered retirement savings plan or a registered retirement investment fund, of which the Optionee is the beneficiary;~~

~~(ii)~~ ~~the spouse, child, or grandchild of the Optionee; (ii) a Holding Company; and~~

~~(iv)~~ ~~a trust, the beneficiaries of which are the Optionee and/or the spouse,~~

~~children, grandchildren or and/or other direct lineal descendants of the Optionee;~~

(n) ~~(o)~~ **“Employee Optionee”** means a current full-time or part-time employee or contract employee of the Corporation or of an Affiliated Corporation and shall include, other than for the purposes of Sections 4.9, 4.11 and 4.12, any registered

retirement savings plans or registered income funds established by or for the employee (or under which such employee is the beneficiary) and a Holding Company of such individual;

(o) ~~(p)~~ "**Exchange**" means the stock exchange or quotation system and, where the context permits, includes all other stock exchanges and quotation systems designated by the Board, on which the Shares are or may be listed or quoted from time to time (provided that if, for the purposes of the Plan it is necessary to have reference to a single Exchange, then such Exchange shall be any stock exchange or quotation system on which the Shares are then listed or quoted as designated by the Board);

(p) ~~(q)~~ **"Executive Optionee"** means a current director or an officer of the Corporation or of an Affiliated Corporation and shall include, other than for the purposes of Sections 4.9, 4.11 and 4.12, any registered retirement savings plans or registered retirement income funds established by or for the individual director or officer (or under which such director or officer is the beneficiary) and a Holding Company of such individual;

(q) ~~(r)~~ "**Exercise Price**" has the meaning set forth in Section 4.2 hereof;

(r) ~~(s)~~ "**Fair Market Value**" means, at any date in respect of Shares,

(i) in the event such Shares are not listed or quoted for trading on any stock exchange or quotation system, an amount, determined by the Board in its sole discretion, to be reflective of the cash price which would be obtained as at the relevant date if the Shares which are the subject of a transaction of purchase and sale were sold without compulsion to a willing and knowledgeable purchaser acting at arm's length (as such term is defined in the *Income Tax Act* (Canada)); or

(ii) the closing price of such Shares on the Exchange on the last Business Day preceding such date (or, if the Board expressly provides in respect of a particular designation, such closing price on such date). In the event that such Shares did not trade on such Business Day, the Fair Market Value shall be the average of the bid and ask prices in respect of such Shares at the close of trading on such date or such other price determined by the Board, acting reasonably;

(s) ~~(t)~~ "**Holding Company**" means a corporation wholly-owned and controlled by an Optionee;

(t) ~~(u)~~ "**Insider**" has the meaning set forth in the *Securities Act* (Ontario), as amended from time to time;

(u) ~~(v)~~ "**Option**" means a right granted to an Eligible Person to purchase Shares on the terms of the Plan;

(v) ~~(w)~~ **“Optionee”** means the Eligible Person to whom an Option has been granted ~~and includes, other than for the purposes of Sections 4.9, 4.11 and 4.12 hereof, any Eligible Transferee to whom an Optionee has transferred an Option in accordance with the terms of the Plan~~;

(w) ~~(x)~~ “**Option Agreement**” has the meaning set forth in Section 4.5 hereof;

(x) ~~(y)~~ “**Outstanding Shares**” means at the relevant time, the number of issued and outstanding Shares of the Corporation from time to time;

(y) ~~(z)~~ “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association or organization, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

(z) ~~(aa)~~ “**Plan**” means this stock option plan of the Corporation (as the same may be amended or varied from time to time);

(aa) ~~(bb)~~ “**Public Company**” means a corporation, any portion of the shares of which is freely tradeable to and between members of the public without the requirement of filing a prospectus or similar document and the shares of which are traded on a published market (being any market on which shares are traded or quoted for trading if the prices at which they have been traded or quoted on that market are regularly published in a newspaper or business or financial publication of general and regular paid circulation);

(bb) ~~(cc)~~ **“Retirement”** means retirement from active employment with the Corporation or an Affiliated Corporation at or after the age of 65 or, with the consent for the purposes of the Plan of such officer of the Corporation or an Affiliated Corporation as may be designated by the Board, at or after such earlier age and upon the completion of such years of service as the Board may specify;

(cc) ~~(dd)~~ “**Shares**” means the common shares in the capital of the Corporation as constituted from time to time or, in the event of an adjustment contemplated by Section 5.1 hereof, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;

(dd) ~~(ee)~~ **“Termination Date”** means:

(i) in the case of an Employee Optionee or Executive Optionee whose employment or term of office with the Corporation or an Affiliated Corporation, as the case may be, terminates in the circumstances set out in Sections 4.11 or 4.12 hereof, the date that is designated by the Corporation or an Affiliated Corporation, as the case may be, as the last day of the

Optionee’s employment or term of office with the Corporation or an Affiliated Corporation, as the case may be, and **“Termination Date”** specifically does not mean the date on which any period of contractual or reasonable notice that the Corporation or an Affiliated Corporation, as the case may be, may be required by contract or at law to provide to the Optionee would expire;

(ii) in the case of an Executive Optionee who received Options in his or her capacity as a director of the Corporation or an Affiliated Corporation, the date which is the earliest of (A) the date that such Executive Optionee resigns as a director of the Corporation or an Affiliated Corporation; (B) the date that such Executive Optionee is not re-elected as a director; and (C) the date that such Executive Optionee is removed from the board of directors of the Corporation or an Affiliated Corporation; and

(iii) in the case of a Consultant Optionee whose consulting agreement or arrangement with the Corporation or an Affiliated Corporation, as the case may be, terminates in the circumstances set out in Sections 4.11 or 4.12 hereof, the date that is designated by the Corporation or an Affiliated Corporation, as the case may be, as the date on which the Optionee's consulting agreement or arrangement is terminated, and **"Termination Date"** specifically does not mean the date on which any period of notice of termination that the Corporation or an Affiliated Corporation, as the case may be, may be required to provide to the Optionee under the terms of the consulting agreement or arrangement would expire;

or such later date as may be determined by the Board in the case of Options granted to a specific Optionee;

(ee) ~~(ff)~~ "~~**Transfer**~~**transfer**" includes any sale, exchange, assignment, gift, bequest, disposition, hypothecation, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and the words **"~~Transferred",~~ ~~"Transferring~~transferred"**, **"transferring"** and similar words have corresponding meanings; and

(ff) ~~(gg)~~ "**Vesting Schedule**" has the meaning set forth in Section 4.4 hereof.

2.2 Interpretation

(a) Whenever the Board or, where applicable, the Committee is to exercise discretion in the administration of the terms and conditions of the Pla n, the term "discretion" means the sole and absolute discretion of the Board or the Committee, as the case may be.

(b) As used herein, the terms "Article", "Section", "subsection" and paragraph" mean and refer to the specified Article, Section, subsection and paragraph hereof, respectively.

(c) Words importing the singular number only include the plural and vice versa, and words indicating gender include all genders.

(d) In the Plan, a Person is considered to be "controlled" by a Person if:

(i) in the case of a corporation or similar entity,

(A) voting securities of the first-mentioned Person carrying more than 50% of the votes ordinarily exercisable at meetings of shareholders of the corporation are held, otherwise than by way of security only, by or for the benefit of the other Person; and

(B) the votes carried by such securities are entitled, if exercised, to elect a majority of the directors of the first -mentioned Person;

(ii) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned Person holds more than 50% of the interests in the partnership; or

(iii) in the case of a limited partnership, the general partner is the second- mentioned Person.

3. ADMINISTRATION

3.1 Administration

(a) If any of the Shares are listed or quoted for trading on the Exchange, the Plan shall be administered by the Board in accordance with the rules and policies of the Exchange in respect of employee stock option plans. The Board shall receive recommendations of management and shall determine and designate from time to time those Eligible Persons to whom an Option should be granted, the number of Shares which will be optioned from time to time to any Eligible Person and the terms and conditions of the Option.

(b) Subject to Applicable Law, subsection 3.1(c) hereof and the limitations of the Plan, the Plan will be administered by the Board and the Board has the sole and complete authority, in its discretion, to:

(i) determine which Persons are Eligible Persons;

(ii) (i) grant Options to Eligible Persons;

(iii) (ii) determine the terms, limitations, restrictions and conditions upon such grants;

(iv) (iii) interpret and construe the terms and conditions of the Plan and the Options;

(v) ~~(iv)~~ adopt, amend and rescind such administrative guidelines and other rules relating to the Plan as the Board may from time to time deem advisable; and

(vi) ~~(v)~~ make all other determinations and to take all other actions in connection with the implementation and administration of the Plan as the Board may deem necessary or advisable.

The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for Persons who are residing in, or subject to, the taxes of, any jurisdiction outside of Canada (including, without limitation, countries, states, provinces and localities) to comply with applicable tax, and securities and other laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax, securities and other laws of such jurisdiction outside of Canada.

Any decision, interpretation or other action made or taken in good faith by or at the direction of the Corporation, the Board or the Committee or any of its members arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Corporation, Optionees and their respective heirs, executors, administrators, successors and permitted assigns.

The Board's interpretation, construction or determination of its guidelines and rules will be conclusive and binding upon all parties concerned. The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation or of an Affiliated Corporation as the Board may in its sole discretion determine.

(c) To the extent permitted by Applicable Law, the Board may, from time to time, delegate to a committee (the "**Committee**") of the Board all or any of the powers conferred on the Board under the Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of the Plan in this context is final and conclusive. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the by-laws of the Corporation, at such times and places as it shall deem advisable; including, without limitation, by telephone conference or by written consent to the extent permitted by Applicable Law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the by-laws of the Corporation shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.2 Shares Reserved

(a) Options may be granted in respect of authorized and unissued Shares. Subject to any change by the Board in its sole and absolute discretion, Applicable Law and any shareholder or other approval which may be required, and subject further to any adjustments pursuant to section 5.1, the maximum aggregate number of Shares which may be reserved by the Corporation for issuance under the Plan shall not exceed 3,375,000 or such greater number of Shares as may be determined by the Board and approved by the Exchange and, if required, by the shareholders of the Corporation, from time to time.

(b) Any Shares subject to an Option which has been granted under the Plan and which is cancelled or terminated for any reason without having been exercised will be added back to the number of Shares reserved for issuance under the Plan and such Shares will again be available for grant under the Plan. No fractional Shares may be issued, and the Board may determine the manner in which any fractional Share value will be treated.

3.3 Eligibility

Participation in the Plan shall be limited to Eligible Persons. Participation shall be voluntary and the extent to which any Eligible Person shall be entitled to participate in the Plan shall be, subject to the terms of the Plan and Applicable Law, determined in the sole and absolute discretion of the Board. Eligibility to participate does not confer upon any Optionee any right to be granted Options pursuant to the Plan.

4. OPTIONS

4.1 Grants

(a) The Board may, from time to time, subject to the provisions of the Plan and such other terms and conditions as the Board may prescribe, grant Options to any Eligible Person.

(b) Subject to the Plan, the Board may impose limitations, restrictions and conditions, in addition to those set out in the Plan, that are applicable to the exercise of an Option, including, without limitation, the nature and duration of any restrictions applicable to a sale or other disposition of Shares acquired upon exercise of an Option and the nature of events, if any, that may cause any Optionee’s rights in respect of Shares acquired upon exercise of an Option to be forfeited and the duration of the period of such forfeiture.

(c) An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.

4.2 Exercise Price

Subject to Applicable Law and to adjustment from time to time in accordance with Section 5.1 hereof, the exercise price (the "**Exercise Price**") of an Option granted pursuant to the Plan will be as determined by the Board at such time as such Option is allocated under the Plan but in any event shall not be less than the Fair Market Value.

4.3 Term of Options

Subject to any accelerated termination as set forth in the Plan, Options must expire no later than ten (10) years after the Date of Grant or such lesser period as applicable regulatory authorities or Applicable Law may require.

4.4 Vesting of Options

(a) The Board may determine, in its sole discretion, in respect of an Option, when an Option will become exercisable and the extent to which an Option will vest or will be exercisable in instalments (the **"Vesting Schedule"**) and such Vesting Schedule shall be set forth in the applicable Option Agreement. For example, the Board may, in its sole discretion, provide that the vesting of an Option be dependent on the passage of time and/or on the achievement of specified milestones or thresholds. Options will generally vest and therefore be exercisable as to one-third of the Shares under such Option on each of the first, second and third year anniversary of the Date of Grant of the Option. The Board may accelerate the date upon which an Option or any instalment thereof becomes exercisable.

(b) Once a portion of an Option vests and becomes exercisable, it shall remain exercisable until expiration or termination of such Option in accordance with, among other sections, Section 4.6, unless otherwise specified by the Board in connection with the grant of such Option.

4.5 Option Agreements

Each Option must be confirmed by an agreement (an "**Option Agreement**"), in the form of the option agreement attached hereto as **Exhibit "A"** (as may be amended by the Board from time to time, and with such changes thereto as may be necessary for any particular Option to a particular Optionee), signed by the Corporation and by the Optionee. ~~In the event an Option is Transferred in accordance with the terms of the Plan, it shall be a condition to the effectiveness of such Transfer that the Eligible Transferee enter into an Option Agreement on the same terms and conditions.~~

4.6 Exercise of Option

(a) Each Option grant or any part thereof may be exercised at any time or from time to time, in whole or in part, for up to the total number of Shares with respect to which it is then exercisable.

(b) In order to exercise an Option, an Optionee shall deliver to the Corporation at its registered office (or other office designated in writing by the Corporation to the Optionee), a completed Notice of Exercise substantially in the form attached hereto as **Exhibit "B"**. Such notice shall specify the number of Shares the Optionee desires to purchase and shall be accompanied by payment in full of the Exercise Price for such Shares. Subject to the provisions of the immediately following sentence, payment may be made by bank draft or certified cheque payable to the order of the Corporation at the time of exercise. Upon receipt of payment in full, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable.

4.7 Misconduct of Optionee

In the event that the Board determines in good faith that an Optionee has:

(i) used for profit or materially harmed the Corporation by disclosing to unauthorized Persons confidential information or trade secrets of the Corporation;

(ii) materially breached any contract with or materially violated any fiduciary obligation to the Corporation or become involved with a competitor of the Corporation; or

(iii) engaged in any illegal insider trading or other unlawful activity in relation to the Corporation;

then, effective as of the date notice of such misconduct is given by the Corporation to such Optionee, any further rights to exercise the Options granted to such Optionee shall be forfeited, unless the Board shall determine otherwise.

4.8 Prohibition on Transfer of Options and Shares

(a) ~~Subject to the other provisions of this Section 4.8 and Section 4.9, an~~An Option is personal to the Optionee and is non-assignable~~, other than by will or laws of descent and distribution, and~~ and non-transferable, and subject to Section 4.9, such Option shall be exercisable during the Optionee’s lifetime only by the Optionee to which such Option has been granted. No Optionee may deal with any Option or any interest in it ~~or Transfer any Option~~ now or hereafter held by the Optionee except in accordance with the Plan. If an Optionee’s Holding Company ~~ceases to be wholly-owned by the Optionee, the Holding Company will be deemed to have Transferred any Options held by such Holding Company to the Optionee. A purported Transfer~~A purported transfer of any Option ~~in violation of the Plan~~ will not be valid and the Corporation will not be required to issue any Shares upon the attempted exercise ~~of an improperly Transferred Option. Nothing contained herein shall permit any Optionee to transfer any Option, whether to an Eligible Transferee or otherwise, without the prior written consent of the Board. Subject to Applicable Law and subject to the prior written consent of the Board, an Option may be transferred to and from the Optionee and an Eligible Transferee provided that the transferor delivers to the Corporation at its registered office a completed Notice of Transfer substantially in the form attached hereto as **“Exhibit C”**.~~ thereof.

(b) ~~Options and~~ Shares issued upon exercise ~~thereof~~of Options are subject to transfer and resale restrictions pursuant to the constating documents of the Corporation, any existing shareholders agreement and Applicable Law. The Optionee is responsible for obtaining such legal advice as may be appropriate in connection with any transfer or resale of Options and Shares issued upon the exercise thereof.

4.9 Death, Disability or Retirement of Optionee

If,

(a) an Employee Optionee or an Executive Optionee dies or becomes Disabled while an employee, director or officer of the Corporation or an Affiliated Corporation, as the case may be;

(b) a Consultant Optionee's consulting agreement or arrangement with the

Corporation or an Affiliated Corporation, as the case may be, is terminated by reason of the death or Disability of such Optionee; or

(c) the employment or term of office of an Employee Optionee or an Executive Optionee with the Corporation or an Affiliated Corporation, as the case may be, terminates due to Retirement,

then

(d) the executor, administrator or other legal representative of such Optionee's estate or such Optionee, as the case may be, may exercise any Options granted to such Optionee to the extent that such Options were exercisable at the date of such death, Disability or Retirement and the right to exercise such Options shall terminate on the earlier of:

(i) the date that is 180 days from the date of such Optionee's death, Disability or Retirement; and

(ii) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be,

provided that any Options granted to such Optionee that were not exercisable at the date of the death, Disability or Retirement shall immediately expire and be cancelled on such date; and

(e) such Optionee's eligibility to receive further grants of Options under the Plan shall cease as of the date of such Optionee's death, Disability or Retirement, as the case may be.

4.10 Termination of Employment or Services by Reason other than Death, Disability or Retirement

(a) Where, in the case of an Employee Optionee or Executive Optionee, an Optionee's employment or term of office with the Corporation or an Affiliated Company ceases by reason of the Optionee's death, Disability or Retirement, then the provisions of Section 4.9 hereof shall apply.

(b) Where, in the case of an Employee Optionee or Executive Optionee, an Optionee's employment or term of office with the Corporation or an Affiliated Corporation terminates by reason of:

(i) termination by the Corporation or an Affiliated Corporation without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice);

(ii) voluntary resignation by such Optionee; or

(iii) in the case of an Executive Optionee who received Options in his or her capacity as a director of the Corporation or an Affiliated Corporation, the failure of such Executive Optionee to be re-elected as a director or the removal of such Executive Optionee from the board of directors of the Corporation or an Affiliated Corporation,

then any Options granted to such Optionee that are exercisable at the Termination Date shall continue to be exercisable until the earlier of: (A) the date that is 90 days following the Termination Date (which date may be extended by the Board at any time prior to the Termination Date to the date that is 12 months following the Termination Date); and (B) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be. Any Options granted to such Optionee that are not exercisable at the Termination Date shall immediately expire and be cancelled on the Termination Date.

(c) Where, in the case of an Employee Optionee or Executive Optionee, such Optionee's employment or term of office with the Corporation or an Affiliated Corporation is terminated by the Corporation or an Affiliated Corporation for Cause, then any Options granted to such Optionee, whether or not exercisable at the Termination Date, shall immediately expire and be cancelled on the Termination Date contemporaneously with such termination.

(d) Where, in the case of a Consultant Optionee, such Optionee's consulting agreement or arrangement terminates by reason of:

(i) termination by the Corporation or an Affiliated Corporation for any reason other than for material breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in such Optionee's consulting agreement or arrangement); or

(ii) voluntary termination by such Optionee,

then any Options granted to such Optionee that are exercisable at the Termination Date shall continue to be exercisable until the earlier of: (A) the date that is 90 days following the Termination Date (which date may be extended by the Board at any time prior to the Termination Date to the date that is 12 months following the Termination Date); and (B) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be. Any Options granted to such Optionee that are not exercisable at the Termination Date shall immediately expire and be cancelled on such date.

(e) Where, in the case of a Consultant Optionee, such Optionee's consulting agreement or arrangement is terminated by the Corporation or an Affiliated Corporation for material breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in such Optionee's consulting agreement or arrangement), then any Options granted to such Optionee, whether or not such Options are exercisable at the Termination Date, shall immediately expire and be cancelled on the Termination Date contemporaneously with such termination.

(f) Unless the Board, in its discretion, otherwise determines at any time and from time to time, Options shall not be affected by any change of employment or consulting arrangement within or among the Corporation or an Affiliated Corporation for so long as an Employee Optionee continues to be an employee of the Corporation or an Affiliated Corporation, or for so long as the Executive Optionee continues to be a director or officer of the Corporation or an Affiliated Corporation, or for so long as the Consultant Optionee continues to be engaged as a consultant to the Corporation or an Affiliated Corporation, as the case may be. For greater certainty, if an Optionee ceases to be an Executive Optionee but remains an Employee Optionee, the Options granted to such Optionee shall not be affected by such change.

4.11 Change of Control

Notwithstanding anything contained to the contrary in this Plan, the Board may, at the time of issuance of the Option or at any time prior to the exercise of the Option, amend the Option to provide that in the event that:

(a) the Corporation accepts an offer to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or in the event that holders of greater than 50% of the Corporation's outstanding Shares accept an offer made to all or substantially all of the holders of the Shares of the Corporation to purchase in excess of 50.1% of the current issued and outstanding Shares, or

(b) the sale by the Corporation of all or substantially all of the assets of the Corporation, either as an entirety or substantially as an entirety, so that the Corporation shall cease to operate as an active business,

then all of the unvested Options shall, without any further action on behalf of the Corporation, be automatically vested. Each Optionee shall thereafter be entitled to exercise all of such Options at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of acceptance by the Corporation of such transaction; and (ii) the close of business on the expiration date of the Option. Upon the expiration of such thirty (30) day period, all rights of the Optionee to such Options or to the exercise of same (to the extent not theretofore exercised) shall *ipso facto* terminate and have no further force or effect whatsoever.

4.12 Discretion to Permit Exercise

Notwithstanding the provisions of Sections 4.9 and 4.10 hereof, the Board may, in its sole discretion, at any time prior to or following the events contemplated in such Sections, permit the exercise of any or all Options held by an Optionee in the manner and on the terms authorized by the Board, provided that the Board shall not, in any case, authorize the execution of an Option pursuant to this Section beyond the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be.

4.13 Limits on Grants

No Options shall be issued to any Eligible Person if such issuance could result, at any time, in:

(a) the aggregate number of Options granted under this Plan, together with any securities issued or granted pursuant to any of the Corporation's other share compensation arrangements, to any one Consultant Optionee in a 12-month period exceeding 2% of Outstanding Shares, calculated at the date an Option is granted to such Consultant; or

(b) the aggregate number of Options granted under this Plan, together with any securities issued or granted pursuant to any of the Corporation's other share compensation arrangement, to all Eligible Persons retained to provide investor relation services in any 12-month period exceeding 2% of Outstanding Shares, calculated at the date an Option is granted to any such Eligible Person.

4.14 ~~4.13~~ Terms or Amendments Requiring Disinterested Shareholder Approval

The Corporation will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

(a) the Plan, together with all of the Corporation's other share compensation arrangements, could result at any time in:(i) the issuance the aggregate number of Options granted to any one ~~Consultant~~ Optionee~~, within~~ in a 12-month period~~, of a number of Common Shares~~ exceeding ~~2~~5% of Outstanding Shares~~;~~, calculated on the date an Option is granted to such Optionee; or

(ii) the issuance to all Eligible Persons providing investor relations services, within a ~~12-month period, of a number of Common Shares exceeding 2% of Outstanding Shares; or~~

(b) any reduction in the Exercise Price of an Option previously granted to an Insider.

5. GENERAL

5.1 Capital Adjustments

(a) The existence of any Options shall not affect in any way the right and power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization, or any other change in the

Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this subsection 5.1(a) would have an adverse effect on the Plan or any Option granted hereunder.

(b) If there is any change in the outstanding Shares by reason of a stock dividend, or split, recapitalization, consolidation, combination or exchange of shares or other similar corporate change, subject to any prior approval required of applicable regulatory authorities, the Board will make appropriate substitution or adjustment in:

(i) the Exercise Price of unexercised Options;

(ii) the number or kind of shares or other securities reserved for issuance pursuant to the Plan; and

(iii) the number and kind of shares subject to unexercised Options theretofore granted and in the Exercise Price of those shares,

provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares. The determination of the Board as to any adjustment, or as to there being no need for adjustment, will be final and binding on all parties concerned.

5.2 Conditions of Exercise

The Plan and Options are subject to the requirement that if at any time the Board determines that: (a) the listing, registration or qualification of the Shares subject to such Option upon any stock exchange or quotation system or under any provincial, state or federal law, or that the consent or approval of any governmental body, stock exchange or quotation system or of the holders of the Shares generally, is necessary or desirable, as a condition of, or in connection with the granting of such Option or the issuance of Shares upon the exercise thereof; or (b) the grant of an Option or the issuance of Shares upon the exercise thereof is in conflict with or is inconsistent with Applicable Law, no such Option may be granted or exercised in whole or in part unless such listing, registration, qualification, consent or approval has been effected or obtained or such conflict or inconsistency is no longer outstanding, each free of any conditions not acceptable to the Board. The Optionees shall, to the extent applicable, co-operate with the Corporation in relation to such registration, qualification or other approval and shall have no claim or cause of action against the Corporation or any of its officers or directors as a result of any failure by the Corporation to obtain or to take any steps to obtain any such registration, qualification, or approval.

5.3 Amendment and Termination

(a) The Board may amend, suspend or terminate the Plan or any portion of it at any time in accordance with Applicable Law and subject to any required regulatory, Exchange or shareholder approval. However, subject to the terms hereof, unless consent is obtained from the Optionee affected, no amendment, suspension or termination may alter or impair any Options, or any rights related to Options, that were granted to that Optionee prior to the amendment, suspension or termination.

(b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules adopted by the Board and in force at the time of termination of the Plan will continue in effect as long as any Option remains outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to the Plan or to any outstanding Option that the Board would have been entitled to make if the Plan were still in effect.

(c) Subject to Applicable Law and to any necessary prior approval of applicable regulatory authorities and with the consent of the affected Optionee, the Board may amend or modify any outstanding Option in any manner, including, without limitation, by changing the date or dates as of which, or the price at which, an Option becomes exercisable, so long as the Board would have had the authority to grant initially the Option as so modified or amended. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Optionee.

5.4 Status as Shareholder

Optionees shall not have any rights as a shareholder with respect to Shares until:

(a) full payment of the Exercise Price for the Shares has been made to the Corporation; and

(b) the Optionee becomes a party to any existing shareholders agreement by executing and delivering to the Corporation an assumption agreement, in form and substance satisfactory to the Corporation whereby the Optionee agrees to be bound by any existing shareholders agreement.

Upon becoming a shareholder of the Corporation, an Optionee may only transfer Shares in accordance with and subject to Applicable Law and the constating documents of the Corporation.

5.5 Withholding Taxes

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Optionee pay to the Corporation, in addition to and in the same manner as the Exercise Price for the Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Optionee for tax purposes.

5.6 Non-Exclusivity and Corporate Action

(a) Subject to any required regulatory or shareholder approval, nothing contained herein will prevent the Board from adopting other additional compensation arrangements for the benefit of any Optionee.

(b) Nothing contained in the Plan or in the Options shall be construed so as to prevent the Corporation or any subsidiary of the Corporation from taking corporate action which is deemed by the Corporation or the subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan.

5.7 Employment and Board of Directors Position Non-Contractual

The granting of an Option to an Optionee under the Plan does not confer upon the Optionee any right to continue in the employment of the Corporation or any Affiliated Corporation or as a member of the Board, as the case may be, nor does it interfere in any way with the rights of the Optionee or of the Corporation’s rights to terminate the Optionee's employment or consulting arrangements at any time or of the shareholders' right to elect one or more directors of the Corporation.

5.8 Indemnification

Every member of the Board will at all times be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such Board member may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the Board member, otherwise by the Corporation, for or in respect of any act done or omitted by the Board member in respect of the Plan, such costs, charges and expenses to include any amount paid to settle such action, suite or proceeding or in satisfaction of any judgement rendered therein.

5.9 Notices

All written notices to be delivered by the Optionee to the Corporation may be delivered personally, by facsimile or by registered mail, addressed as follows:

240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Attention: Chief Financial Officer
Facsimile: (905) 282-9966

Any notice delivered by the Optionee pursuant to the terms of the Option shall not be effective until actually received by the Corporation at the above address. Any notice to be delivered to the Optionee shall be effective when delivered personally (effective at the time of delivery), by facsimile transmission (effective one day after transmission) or by registered mail to the last address of the Optionee on the records of the Corporation (which shall be deemed effective the third Business Day after mailing).

5.10 Governing Law

This Plan is created under and is to be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

5.11 Effective Date

This Second Amended and Restated Stock Option Plan will become effective as of ~~September 16, 2013~~May 27, 2014 upon its adoption by resolution of the Board and approval of shareholders of the Corporation.

EXHIBIT "A"

OPTION AGREEMENT

Optionee: ______________________________
(Name)

____

____

____
(Address)

Grant: ______________________________
Maximum Number of Shares

Option Exercise Price: $ ______________________________per Share

Date of Grant: ______________________________, 20 _______

Expiry Date: ______________________________, 20 _______

Vesting Schedule:

Instalment	Date of Vesting (Milestone)	Number of Optioned Shares Vested	Cumulative Number of Optioned Shares Vested
1			
2			
3			
4			

This Option Agreement is made under and is subject in all respects to the Second Amended and Restated Stock Option Plan enacted on ~~September 16, 2013~~May 27, 2014 (and as may be supplemented and amended from time to time) (the "**Plan**") of Sphere 3D Corporation (the "**Corporation**"), and the Plan is deemed to be incorporated in and to be part of this Option Agreement. The Optionee is deemed to have notice of and to be bound by all of the terms and provisions of the Plan as if the Plan was set forth in full herein (including the restrictions on transfer of the Options and the Shares issuable upon exercise thereof). In the event of any inconsistency between the terms of this Option Agreement and the Plan, the terms of this Option Agreement shall prevail. The Plan contains provisions respecting termination and/or voiding of the Plan or the Option.

This Option Agreement evidences that the Optionee named above is entitled, subject to and in accordance with the Plan, to purchase up to but not more than the maximum number of Shares set out above at the option Exercise Price set out above upon delivery of an exercise form as annexed hereto duly completed and accompanied by certified cheque or bank draft for the aggregate Exercise Price.

The Optionee hereby agrees that: (a) any rule, regulation or determination, including the interpretation by the Board of the Plan, the Option granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all Persons including the Corporation or Affiliated Corporation, as the case may be, and the Optionee; and (b) the grant of the Option does not affect in any way the right of the Corporation or any Affiliate Corporation to terminate the employment, retainer or office, as the case may be, of the Optionee.

This Option Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Option Agreement is not effective until countersigned by the Corporation and accepted by the Optionee.

Dated: ________________________________, 20 ____

SPHERE 3D CORPORATION

By: ____
Name:
Title:
Authorized Signing Officer

I have read the foregoing Option Agreement and hereby accept the Option to purchase Shares in accordance with and subject to the terms and conditions of such Option Agreement and the Plan. I understand that I may review the complete Plan by contacting the Secretary of the Corporation. I agree to be bound by the terms and conditions of the Plan governing the option.

Accepted: _______________________________________, 20 _____

____
Signature of Optionee

EXHIBIT “B”

NOTICE OF EXERCISE

To Exercise the Option, Complete and Return this Form

The undersigned Optionee (or his or her legal representative(s) permitted under the Second Amended and Restated Stock Option Plan enacted on ~~September 16, 2013~~May 27, 2014 (and as the same may be supplemented and amended from time to time) (the “**Plan**”) of Sphere 3D Corporation hereby irrevocably elects to exercise the Option for the number of Shares as set forth below:

(a) Number of Options to be Exercised: ____

(b) Option Exercise Price per Share: $____

(c) Aggregate Purchase Price

[(a) multiplied by (b)]: $ ____

and hereby tenders a certified cheque or bank draft for such aggregate Exercise Price, and directs such Shares to be issued and registered in the name of the undersigned, all subject to and in accordance with the Plan. Unless otherwise defined herein, any capitalized terms used herein shall have the meaning ascribed to such terms in the Plan.

Dated: _________________________, 20 _______

	)	
	)	______________________________
	)	Name of Optionee
	)	
	)	
______________________________	)	______________________________
Witness to the Signature of:	)	Signature of Optionee

____

Address of Optionee

EXHIBIT "C"

NOTICE OF TRANSFER

To Request Permission to Transfer an Option, Complete and Return This Form Along with the Original Option Agreement

The undersigned Optionee (or his or her legal representative(s) permitted under the Amended and Restated Stock Option Plan enacted on September 16, 2013 (and as the same may be supplemented and amended from time to time) (the "**Plan**") of Sphere 3D Corporation hereby irrevocably requests permission to transfer the Option evidenced by the attached Option Agreement to the undersigned Person(s), each of whom the Optionee hereby certifies is an Eligible Transferee in accordance with Sections 4.5 and 4.8 of the Plan:

Direction as to Registration: ____

Name of Registered Holder(s)

____

____

Address of Registered Holder(s)

The undersigned Optionee hereby directs such Option(s) to be registered in the name(s) of such Eligible Transferee(s). Unless they are otherwise defined herein, any defined terms used herein shall have the meaning ascribed to such terms in the Plan.

Dated: __________________________________, 20 _____

____)
____)
____)
____)
Witness to the Signature of:) Name of Optionee

SPHERE 3D CORPORATION
("Corporation")

FORM OF PROXY ("PROXY")

Annual General and Special Meeting
May 27, 2014, at 10:00 am EST
The Conservatory Suite, St. Andrew's Club & Conference Centre,
150 King Street West, Toronto, Ontario
("Meeting")

RECORD DATE: April 16, 2014
CONTROL NUMBER: <CONTROL NUMBER>
SEQUENCE #: <SEQ#> - <CUSIP> - <ACCT#>
FILING DEADLINE FOR PROXY: May 23, 2014, at 10:00 am EST

VOTING METHODS	
INTERNET	Go to www.voteproxyonline.com and enter the 12 digit control number above
FACSIMILE	(416) 595-9593
MAIL or HAND DELIVERY	TMX EQUITY TRANSFER SERVICES 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1

The undersigned hereby appoints Eric Kelly, Chairman of the Corporation, whom failing T. Scott Worthington, Chief Financial Officer, or failing both of them Peter Tassiopoulos, Chief Executive Officer ("Management Nominees"), or instead of any of them, the following Appointee

Please print appointee name

as proxyholder on behalf of the undersigned with the power of substitution to attend, act and vote for and on behalf of the undersigned in respect of all matters that may properly come before the Meeting and at any adjournment(s) or postponement(s) thereof, to the same extent and with the same power as if the undersigned were personally present at the said Meeting or such adjournment(s) or postponement(s) thereof in accordance with voting instructions, if any, provided below.

<MS#>
<HOLDER REGISTRATION1>
<HOLDER ADDRESS1>
<HOLDER ADDRESS2>
<HOLDER ADDRESS3>
<CITY>, <PROV> <POSTAL CODE>
<COUNTRY>

<SECURITIES>
<PROXY #>
(<BAR CODE>)

DRAFT

*** SEE VOTING GUIDELINES ON REVERSE ***

RESOLUTIONS - MANAGEMENT VOTING RECOMMENDATIONS ARE INDICATED BY HIGHLIGHTED TEXT ABOVE THE BOXES

1. Election of Directors	**FOR**	WITHHOLD
a) Peter Ashkin	☐	☐
b) Mario Biasini	☐	☐
c) Glenn Bowman	☐	☐
d) Eric Kelly	☐	☐
e) Jason Meretsky	☐	☐
f) Peter Tassiopoulos	☐	☐

2. Appointment of Auditors	**FOR**	WITHHOLD
Appointment of **Collins Barrow Toronto LLP** as Auditors of the Corporation for the ensuing year and authorizing the Directors to fix their remuneration.	☐	☐

3. Approval of Amendment of the Amendment of the Corporation's Stock Option Plan	**FOR**	AGAINST
BE IT RESOLVED THAT:	☐	☐

1. The Corporation's second amended and restated stock option plan (the "Plan"), in the form attached as Schedule "B" to the Circular, is hereby approved and confirmed,

2. All unallocated options issuable pursuant to the Plan, from time to time, are hereby approved and authorized for issuance.

3. Any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, and, if appropriate, deliver all documents and instruments and to do all other things as in the opinion of such director or officer as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of such action.

This proxy revokes and supersedes all earlier dated proxies and **MUST BE SIGNED.**

PLEASE PRINT NAME	*Signature of Registered owner(s)*	*Date (MM/DD/YYYY)*

TMX Equity Transfer Services

Proxy Voting - Guidelines and Conditions

1. **THIS PROXY IS SOLICITED BY MANAGEMENT OF THE CORPORATION.**
2. **THIS PROXY SHOULD BE READ IN CONJUNCTION WITH THE MEETING MATERIALS PRIOR TO VOTING.**
3. **If you appoint the Management Nominees to vote your securities, they will vote in accordance with your instructions or, if no instructions are given, in accordance with the Management Voting Recommendations highlighted for each Resolution overleaf. If you appoint someone else to vote your securities, they will also vote in accordance with your instructions or, if no instructions are given, as they in their discretion choose.**
4. This proxy confers discretionary authority on the person named to vote in his or her discretion with respect to amendments or variations to the matters identified in the Notice of the Meeting accompanying the proxy or such other matters which may properly come before the Meeting or any adjournment or postponement thereof.
5. **Each security holder has the right to appoint a person other than the Management Nominees specified herein to represent them at the Meeting or any adjournment or postponement thereof.** Such right may be exercised by inserting in the space provided the name of the person to be appointed, who need not be a security holder of the Corporation.
6. To be valid, this proxy must be signed. Please date the proxy. If the proxy is not dated, it is deemed to bear the date of its being mailed to the security holders of the Corporation.
7. To be valid, this proxy must be filed using one of the ***Voting Methods*** and *must be received by TMX Equity Transfer Services* before the ***Filing Deadline for Proxies***, noted overleaf or in the case of any adjournment or postponement of the Meeting not less than 48 hours (Saturdays, Sundays and holidays excepted) before the time of the adjourned or postponed meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.
8. If the security holder is a corporation, the proxy must be executed by an officer or attorney thereof duly authorized, and the security holder may be required to provide documentation evidencing the signatory's power to sign the proxy.

Investor inSite

TMX Equity Transfer Services offers at no cost to security holders, the convenience of secure 24-hour access to all data relating to their account including summary of holdings, transaction history, and links to valuable security holder forms and Frequently Asked Questions.

To register, please visit
www.tmxequitytransferservices.com/investorinsite

Click on, "*Register Online Now*" and complete the registration form. Call us toll free at 1-866-393-4891 with any questions.

Request for Financial Statements

In accordance with securities regulations, security holders may elect to receive Annual Financial Statements, Interim Financial Statements, and MD&As.

Instead of receiving the financial statements by mail, you may choose to view these documents on SEDAR at www.sedar.com.

I am a security holder of the Corporation, and as such request the following:

☐ **Annual Financial Statements with MD&A**
(Mark this box if you would like to receive the Annual Financial Statements and related MD&A)

☐ **Interim Financial Statements with MD&A**
(Mark this box if you would like to receive the Interim Financial Statements and related MD&A)

If you are casting your vote online and wish to receive financial statements, please complete the online request for financial statements following your voting instructions.

If the cut-off time has passed, please fax this side to 416-595-9593.

<HOLDER REGISTRATION1>
<HOLDER ADDRESS1>
<HOLDER ADDRESS2>
<HOLDER ADDRESS3>
<CITY>, <PROV> <POSTAL CODE>
<COUNTRY>

☐ **Check this box if you wish to receive the selected financial statements electronically and print your email address below**

E-MAIL (optional)

By providing my email address, I hereby acknowledge and consent to all provisions outlined in the following: https://www.voteproxyonline.com/equity/fsred.pdf

SPHERE 3D CORPORATION
FISCAL YEAR – 2014

DRAFT

Sphere 3D Announces $10.0 Million Bought Deal Financing

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – May 15, 2014 – Sphere 3D Corporation (TSXV-ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today that the Company has entered into an agreement with a syndicate of investment dealers led by Cormark Securities Inc., and including Jacob Securities Inc. and Paradigm Capital Inc. (collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 1,176,500 special warrants of the Company ("Special Warrants") at a price of $8.50 per Special Warrants (the "Issue Price"), resulting in gross proceeds of $10,000,250 to the Company (the "Offering"). Each Special Warrant is exercisable into one unit of the Company (a "Unit") with each Unit being comprised of one common share of the Company (a "Common Share") and one-half of a Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable at an exercise price of $11.50 for a period of two years from the closing date.

The Underwriters will have the option (the "Underwriters' Option") to arrange for the purchase of up to an additional 15% of Special Warrants (being up to 176,475 Special Warrants) sold under the Offering at the Issue Price. The Underwriters' Option shall be exercisable, in whole or in part, until the time of closing. The Underwriters shall be entitled to the same commission provided for below in respect of any Special Warrants issued and sold upon exercise of the Underwriters' Option.

The Underwriters are entitled to receive a cash commission equal to 6% of the gross proceeds of the Offering. The Company will also reimburse the Underwriters for reasonable fees and expenses incurred in connection with the Offering.

The Offering is scheduled to close on or before June 3, 2014. All securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSXV and applicable Canadian securities laws. The Offering is subject to all required regulatory approvals, including the approval of the TSXV.

Sphere 3D intends to file a short-form prospectus in each of the Provinces of British Columbia, Alberta and Ontario (and such other provinces and territories of Canada as may be agreed to by Cormark Securities Inc. and the Corporation) qualifying the Units issuable upon exercise or deemed exercise of the Special Warrants by July 31, 2014, failing which the holder would be entitled to receive 1.05 Units upon exercise or deemed exercise of the Special Warrants.

It is expected that $5,000,000 of the Offering will be advanced to Overland Storage, Inc. (Nasdaq-OVRL) ("Overland") by way of an interim financing loan (the "Loan"), as required pursuant to the Agreement and Plan of Merger Agreement entered into today among the Company, its wholly-owned acquisition company, S3D Acquisition Company, and Overland, and the balance being used for working capital purposes.

The offered securities pursuant to the Offering will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements

This release contains forward-looking statements, including, without limitation, the closing date of the Offering, the filing of a short-form prospectus to qualify the Units issuable upon exercise of the Special Warrants and the use of the net proceeds of the Offering. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

SPHERE 3D ENTERS INTO DEFINITIVE MERGER AGREEMENT WITH OVERLAND STORAGE

SPHERE 3D ANNOUNCES $10.0 MILLION BOUGHT DEAL FINANCING

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – May 16, 2014 – Sphere 3D Corporation (TSX-V: ANY; OTCQX: SPIHF) ("Sphere 3D" or the "Company") today announced that it has entered into a definitive merger agreement (the "Merger Agreement") with Overland Storage, Inc. ("Overland"), a Nasdaq-listed company, pursuant to which Overland and a wholly-owned subsidiary of Sphere 3D would combine to create a leading global virtualization and data management software solutions company (the "Transaction"). The combined company will become a wholly-owned subsidiary of Sphere 3D and the name of the combined company will remain Overland.

Under the terms of the Merger Agreement, Sphere 3D will issue a total of 9,443,882 common shares ("Common Shares") on closing, subject to adjustment, for all of the outstanding share capital of Overland ("Overland Shares") on the basis of one Overland Share for 0.510594 Common Shares of Sphere 3D (the "Exchange Ratio"). In addition, Sphere 3D will issue 1,467,906 warrants, 143,325 options and 505,321 restricted share units, or equivalents, in exchange for the outstanding convertible securities of Overland, calculated on the basis of the Exchange Ratio. All issued and outstanding stock appreciation rights of Overland will terminate on closing. The average exercise price of the options and warrants are US$22.62 and US17.28, respectively. At current pricing, the Company believes it is unlikely that any of these options and warrants will be exercised.

After completion of the Transaction, it is expected that current holders of Overland securities will own approximately 28.8% of Sphere 3D, on a fully diluted basis, as a result of their exchange of securities in the Transaction.

On May 14, 2014, the last trading day prior to the announcement of the transaction, the closing price of the Overland Shares, on the NASDAQ, was US$2.90 and the closing price of the Common Shares of Sphere 3D, on the TSX Venture Exchange (the "TSXV"), was C$9.46 (or US$8.68) . Based on the closing price of the Common Shares of Sphere 3D on May 14, 2014, the total consideration payable to holders of Overland shareholders has an implied value of approximately US$81.13 million or approximately US$4.43 per Overland Share.

The acquisition price represents a premium of approximately 53% over the closing price of the Overland Shares on the NASDAQ on the last trading day immediately preceding the announcement of the Transaction and a premium of approximately 27% over the weighted average trading price of the Overland Shares on the NASDAQ for the 30 trading days immediately preceding the announcement of the Transaction.

Overland is a trusted global provider of unified data management and data protection solutions designed to enable small and medium enterprises, distributed enterprise, and small and medium businesses to anticipate and respond to data storage requirements. By providing an integrated range of technologies and services for primary, nearline, offline, and archival data storage, Overland makes it easy and cost effective to manage different tiers of information over time, whether distributed data is across the hall or across the globe. Overland SnapServer, RDX removable disk-based technology, SnapScale, SnapServer, SnapSAN, NEO Series and REO Series solutions are available through a global channel of value-added resellers and system integrators.

Sphere 3D and Overland have been working in tandem to develop an integrated application virtualization and data storage platform, as well as a virtual desktop infrastructure (VDI) solutions, which are already installed at select strategic customers and partners. The application virtualization platform allows native third party applications to be delivered in the cloud or on premise on a multitude of endpoint devices independent of their operating system. The VDI market, a key segment of the virtualization market, is estimated to be over $5 billion and growing 20% annually, according to Frost & Sullivan. Through the combination, Sphere 3D will have greater financial and operational scale, and a large and well established worldwide distribution network and tier one OEM partnerships.

The combination of Sphere 3D's Glassware 2.0 virtualization solution and Overland's data storage solutions will enable mobile device users the full functionality of any software program or application on any device, anywhere, eliminating the application limitations, data management and security problems for enterprises created by the BYOD (Bring Your Own Device) phenomenon. Mobile users that need productivity applications such as word processing, spreadsheets, presentations and collaborations, specialized software for computer-aided design (CAD), magnetic resonance imaging (MRI), software development, video production or customized legacy applications can now experience full application functionality via the cloud or in the data center.

Following the closing of the Transaction, the board of directors of Sphere 3D will consist of seven members, of which five will be existing Sphere 3D directors and two will be nominees of Overland,. The two board nominees of Overland will be determined and appointed prior to closing of the Transaction, subject to receipt of all regulatory requirements.

For the three and nine months ended March 31, 2014, Overland had revenue of US$20,240,000 and US$41,482,000, respectively and incurred a loss of US$6,633,000 and US$15,539,000, respectively. Audited revenue for the twelve months ended June 30, 2013 was US$48,020,000 and a loss of US$19,647,000. As at March 31, 2014, Overland's assets were US$91,788,000 and had liabilities of US$50,696,000. As at June 30, 2013, Overland's assets were US$31,403,000 and had liabilities of US$41,699,000. Overland's financial documents are available at no charge under Overland's profile on EDGAR at www.sec.gov.

Financing

Sphere 3D has entered into an agreement with a syndicate of investment dealers led by Cormark Securities Inc., and including Jacob Securities Inc. and Paradigm Capital Inc. (collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 1,176,500 special warrants of the Company ("Special Warrants") at a price of $8.50 per Special Warrants (the "Issue Price"), resulting in gross proceeds of $10,000,250 to the Company (the "Offering"). Each Special Warrant is exercisable into one unit of the Company (a "Unit") with each Unit being comprised of one Common Share of the Company and one-half of a Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable at an exercise price of $11.50 for a period of two years from the closing date.

The Underwriters will have the option (the "Underwriters' Option") to arrange for the purchase of up to an additional 15% of Special Warrants (being up to 176,475 Special Warrants) sold under the Offering at the Issue Price. The Underwriters' Option shall be exercisable, in whole or in part, until the time of closing. The Underwriters shall be entitled to the same commission provided for below in respect of any Special Warrants issued and sold upon exercise of the Underwriters' Option.

The Underwriters are entitled to receive a cash commission equal to 6% of the gross proceeds of the Offering. The Company will also reimburse the Underwriters for reasonable fees and expenses incurred in connection with the Offering.

The Offering is scheduled to close on or before June 3, 2014. All securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSXV and applicable Canadian securities laws. The Offering is subject to all required regulatory approvals, including the approval of the TSXV.

Sphere 3D intends to file a short-form prospectus in each of the Provinces of British Columbia, Alberta and Ontario (and such other provinces and territories of Canada as may be agreed to by Cormark Securities Inc. and the Corporation) qualifying the Units issuable upon exercise or deemed exercise of the Special Warrants by July 31, 2014, failing which the holder would be entitled to receive 1.05 Units upon exercise or deemed exercise of the Special Warrants.

The completion of the Offering is integral to the consummation of the Merger Agreement. A minimum of $5,000,000 of the Offering will initially be advanced to Overland as contemplated by the Merger Agreement. In addition, subject to further board approval, the Company may advance further funds to support Overland's working capital requirements.

The offered securities pursuant to the Offering will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Approvals

Both companies' boards of directors have unanimously approved the Merger Agreement. The Transaction is subject customary closing conditions, shareholder approval of Overland and receipt of all necessary regulatory approvals, including the approval of the TSXV. The Transaction is expected to close in the third calendar quarter of 2014. Upon the completion of the Transaction, Overland's common stock will cease trading on the NASDAQ and Sphere 3D shares will continue to trade on the TSXV. Sphere has previously announced that it has filed an application to list its common shares on the NASDAQ Capital Market.

Pursuant to the Merger Agreement, Overland is subject to customary non-solicitation covenants. In the event a superior proposal is made and if in response, Overland's board of directors changes its recommendation of the transaction to the Overland shareholders or terminates the Transaction under certain circumstances, Overland has agreed to pay Sphere 3D a termination fee of US$3.5 million.

The Transaction has received the unanimous support of the boards of directors and management of both Sphere 3D and Overland. Certain significant shareholders of Overland, including Cyrus Capital Partners and its affiliates ("Cyrus"), have entered into voting agreements with Sphere 3D pursuant to which they have agreed to vote the Overland Shares beneficially owned by them (collectively representing approximately 64% of the outstanding Overland Shares) in favor of the Transaction, subject to the terms and conditions set forth in the voting agreements.

Cyrus will become an insider of Sphere 3D upon closing of the Merger Agreement. Cyrus is a significant shareholder of Overland, holding 11,048,049 common shares of Overland representing approximately 63.2% of the outstanding shares. Cyrus does not hold any shares of Sphere 3D, but has a right to acquire 666,667 shares pursuant to the exercise of a convertible debenture at US$7.50, being approximately 2.8% of the outstanding shares of Sphere on a partially converted basis. Upon consummation of the transaction set out in the Merger Agreement, Cyrus will hold 5,641,068 or 16.6% of the outstanding shares of Sphere 3D and 6,307,734 common shares of Sphere 3D or approximately 18.2% on a partially diluted basis.

Eric Kelly, a director and the President and Chief Executive Officer of Overland, is also the Chairman of the Board of Sphere 3D and accordingly declared his conflict and recused himself all board discussions and abstained from casting any vote with respect to the Transaction. Mr. Kelly has a non-material share ownership in both Overland and Sphere 3D. No collateral benefit has been paid to Mr. Kelly in connection with the consummation of the Transaction. The Overland board of directors formed a special committee of independent directors to review and evaluate the proposed transaction. Sphere 3D appointed Glenn Bowman, the Chairman of the Audit Committee, as its lead director with respect to the evaluation of this Transaction.

Cormark Securities Inc. has provided a fairness opinion to the board of directors of Sphere 3D and shall be entitled to fees customary for such advisory and transaction services.

Management Comments

Commenting on behalf of Sphere 3D, Peter Tassiopoulos, Chief Executive Officer stated: "This transformational deal allows us to immediately gain the scale, infrastructure and resources required to become a leading global virtualization company and strengthens Sphere's ability to service and support partners and customers globally. In addition, this transaction provides greater certainty in leveraging Overland's existing global distribution network as well as their significant Tier One OEM relationships."

Eric Kelly, President and Chief Executive Officer of Overland, said, "This merger brings together next generation technologies for virtualization and cloud coupled with end-to-end scalable storage offerings enabling us to address the larger and growing virtualization and cloud markets. This along with Overland's global network of services and reseller partners and our worldwide manufacturing capabilities gives us a clear path for growth and profitability to create significant value for shareholders of both companies."

Investor Conference Call

Sphere 3D will host an investor conference call on Tuesday, May 20, 2014 at 5:00 pm EDT. To access the call dial 1-855-845-0180 and when prompted provide the pass code 1343#. In addition, a live and archived webcast of the conference call will be available at www.sphere3d.com in the Investor Relations section and over the Internet at https://onecast.thinkpragmatic.com/ses/PM2-OC_vQ4LS4Iqg34sP6g~~ until 11:59 pm on August 20, 2014.

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator management software for VDI. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this press release include "forward-looking statements" that involve a number of risks and uncertainties, and actual results or events may differ materially from those projected or implied in those statements. Examples include the parties' ability to consummate the proposed Transaction and timing thereof, the benefits and impact of the proposed Transaction, including tax effects to shareholders, the combined company's ability to achieve synergies and value creation that are contemplated by the parties, Sphere 3D's ability to promptly and effectively integrate Overland's business and the diversion of management time on Transaction-related issues.

Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

Sphere 3D cautions you that you should not rely unduly on these forward-looking statements, which reflect their current beliefs and are based on information currently available. Sphere 3D does not undertake any obligation to update or revise any forward-looking statements as of any future date. Additional information concerning these statements and other factors can be found in Sphere 3D's filings with securities regulatory authorities in Canada at SEDAR (www.sedar.com).

Sphere 3D Contact:

Sphere 3D Corporation
Peter Tassiopoulos Chief Executive Officer
416-749-5999
Peter.Tassiopoulos@Sphere3D.com

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

THIS PROMISSORY NOTE (THIS "NOTE") IS SUBJECT TO THE TERMS OF THAT CERTAIN SUBORDINATION AGREEMENT DATED AS OF MAY 15, 2014 BY AND BETWEEN PAYEE AND SILICON VALLEY BANK (AS AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, THE "SUBORDINATION AGREEMENT").

OVERLAND STORAGE, INC.
PROMISSORY NOTE DUE MAY 15, 2018

$**5,000,000.00** — **San Diego, California**
May 15, 2014

FOR VALUE RECEIVED, **OVERLAND STORAGE, INC.**, a California corporation ("**Maker**"), unconditionally promises to pay **SPHERE 3D CORPORATION**, an Ontario corporation ("**Payee**"), on May 15, 2018 in the manner and at the place hereinafter provided, the principal amount equal to the lesser of (x) Five Million and no/100 Dollars ($5,000,000.00) and (y) the unpaid principal amount of all advances made by Payee to Maker (plus, in each case, interest that has been added to the principal amount of this Note in accordance with the terms hereof).

Maker also promises to pay interest on the unpaid principal amount hereof from the date hereof until paid in full at a fluctuating interest rate per annum that is at all times equal to the Reference Rate (capitalized terms used herein and not otherwise defined herein shall have the meanings provided in Section 8 below) plus 2.00%, such interest rate to change when and as the Reference Rate changes; provided that any principal amount not paid when due and, to the extent permitted by applicable law, any interest not paid when due, in each case whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (both before as well as after judgment), shall bear interest payable upon demand at a rate that is 2.00% per annum in excess of the rate of interest otherwise payable under this Note. Interest on this Note shall be payable semiannually in arrears on November 15 and May 15 of each year (each, an "**Interest Payment Date**"), upon any prepayment of this Note (to the extent accrued on the amount being prepaid) and at maturity. The entire amount of the interest payable on each Interest Payment Date on this Note shall be paid through an increase in the principal amount of the Note. All computations of interest shall be made by Payee on the basis of a 365-day year, for the actual number of days elapsed in the relevant period (including the first day but excluding the last day). In no event shall the interest rate payable on this Note exceed the maximum rate of interest permitted to be charged under applicable law.

1. **Advances.** Payee hereby agrees to lend to Maker funds in an aggregate principal amount equal to $5,000,000.00 as follows: (a) the first borrowing shall occur no later than May 20, 2014 and shall be for an aggregate principal amount of $2,500,000.00 and (b) the second borrowing shall occur on or prior to June 1, 2014 and shall be for an aggregate principal amount of $2,500,000.00; provided that, in each case, the Merger Agreement shall not have been terminated in accordance with the terms thereof.

Amounts borrowed under this Section 1 and subsequently repaid or prepaid may not be reborrowed. Payee shall make the proceeds of each borrowing available to Maker by causing an amount equal to such borrowing in lawful money of the United States of America in same day funds to be deposited to such account(s) as Maker shall direct.

2. **Payments.** All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at the office of Payee located at 240 Matheson Blvd. East, Mississauga, ON L4Z 1X1, or at such other place as Payee may direct. Whenever any payment on this Note is stated to be due on a day that is not a Business Day, such payment shall instead be made on the next Business Day, and such extension of time shall be included in the computation of interest payable on this Note. Each payment made hereunder shall be credited first to interest then due and the remainder of such payment shall be credited to principal, and interest shall thereupon cease to accrue upon the principal so credited. Each of Payee and any subsequent holder of this Note agrees, by its acceptance hereof, that before disposing of this Note or any part hereof it will make a notation hereon of all principal payments previously made hereunder and of the date to which interest hereon has been paid; provided, however, that the failure to make a notation of any payment made on this Note shall not limit or otherwise affect the obligation of Maker hereunder with respect to payments of principal or interest on this Note.

3. **Prepayments.** Maker shall have the right at any time and from time to time to prepay the principal of this Note in whole or in part, without premium or penalty. Any prepayment hereunder shall be accompanied by interest on the principal amount of the Note being prepaid to the date of prepayment.

4. **Reference Agreements.** This Note is issued pursuant to the terms of the Merger Agreement and is subject to the terms and conditions thereof. This Note and payment hereof are subject to the terms of the Subordination Agreement. Anything contained in this Note to the contrary notwithstanding, in the event restrictions under the Subordination Agreement prevent payments of any amount due hereunder, such payments will be deferred until such restrictions are removed or otherwise cease to exist, and such deferral will not constitute an Event of Default hereunder. This Note is secured pursuant to the provisions of the Security Agreement.

5. **Representations and Warranties.** Maker hereby represents and warrants to Payee that:

(a) it is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its organization and has the corporate power and authority to own and operate its properties, to transact the business in which it is now engaged and to execute and deliver this Note;

(b) this Note constitutes the duly authorized, legally valid and binding obligation of Maker, enforceable against Maker in accordance with its terms;

(c) all consents and grants of approval required to have been granted by any Person in connection with the execution, delivery and performance of this Note have been granted;

(d) the execution, delivery and performance by Maker of this Note do not and will not (i) violate any law, governmental rule or regulation, court order or agreement to which it is subject or by which its properties are bound or the charter documents or bylaws of Maker or (ii) result in the creation of any lien or other encumbrance with respect to the property of Maker;

(e) there is no action, suit, proceeding or governmental investigation pending or, to the knowledge of Maker, threatened against Maker or any of its subsidiaries or any of their respective assets which, if adversely determined, would have a material adverse effect on the business, operations, properties, assets, condition (financial or otherwise) or prospects of Maker and its subsidiaries, taken as a whole, or the ability of Maker to comply with its obligations hereunder; and

(f) the proceeds of the loan evidenced by this Note shall be used by Maker for working capital and/or to pay certain obligations of one or more of Maker's subsidiaries to Nordea Bank Norge ASA and/or certain affiliates thereof; provided that no part of such proceeds will be used by Maker to purchase or carry any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect or to extend credit to others for the purpose of purchasing or carrying any such "margin stock" or to reduce or retire any indebtedness incurred for any such purpose, and neither Maker nor any of its subsidiaries is engaged principally or as one of its important activities in the business of extending credit for the purpose of purchasing or carrying any such "margin stock".

6. **Events of Default.** The occurrence of any of the following events shall constitute an "**Event of Default**":

(a) failure of Maker to pay any principal under this Note when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, or failure of Maker to pay any interest or other amount due under this Note within five (5) Business Days after the date due; or

(b) failure of Maker to pay, or the default in the payment of, any amount due under or in respect of any promissory note, indenture or other agreement or instrument relating to any indebtedness owing by Maker, to which Maker is a party or by which Maker or any of its property is bound under which principal amounts outstanding exceed $1,000,000 or the occurrence of any other default in the performance of or compliance with any term of any evidence of any such indebtedness, in each case after the expiration of any grace period provided with respect thereto, which default shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled; or

(c) any representation or warranty made by Maker to Payee in connection with this Note shall prove to have been false in any material respect when made; or

(d) (i) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of Maker in an involuntary case under Title 11 of the United States Code entitled "Bankruptcy" (as now and hereinafter in effect, or any successor thereto, the "**Bankruptcy Code**") or any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal or state law; or (ii) an involuntary case shall be commenced against Maker under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Maker or over all or a substantial part of its property shall have been entered; or the involuntary appointment of an interim receiver, trustee or other custodian of Maker for all or a substantial part of its property shall have occurred; or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of Maker, and, in the case of any event described in this clause (ii), such event shall have continued for sixty (60) days unless dismissed, bonded or discharged; or

(e) an order for relief shall be entered with respect to Maker or Maker shall commence a voluntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; or Maker shall make an assignment for the benefit of creditors; or Maker shall be unable or fail, or shall admit in writing its inability, to pay its debts as such debts become due; or the Board of Directors of Maker (or any committee thereof) shall adopt any resolution or otherwise authorize action to approve any of the foregoing; or

(f) Maker shall challenge, or institute any proceedings to challenge, the validity, binding effect or enforceability of this Note or any endorsement of this Note; or

(g) any provision of this Note or the Security Agreement or any provision hereof or thereof shall cease to be in full force or effect or shall be declared to be null or void or otherwise unenforceable in whole or in part; or subject to the Subordination Agreement, Payee shall not have or shall cease to have a valid and perfected first priority security interest in the collateral described in the Security Agreement.

7. **Remedies.** Upon the occurrence of any Event of Default specified in Section 6(d) or 6(e) above, the principal amount of this Note together with accrued interest thereon shall become immediately due and payable, without presentment, demand, notice, protest or other requirements of any kind (all of which are hereby expressly waived by Maker). Upon the occurrence and during the continuance of any other Event of Default Payee may, by written notice to Maker, declare the principal amount of this Note together with accrued interest thereon to be due and payable, and the principal amount of this Note together with such interest shall thereupon immediately become due and payable without presentment, further notice, protest or other requirements of any kind (all of which are hereby expressly waived by Maker).

8. **Definitions.** The following terms used in this Note shall have the following meanings (and any of such terms may, unless the context otherwise requires, be used in the singular or the plural depending on the reference):

"**Business Day**" means any day other than a Saturday, Sunday or legal holiday under the laws of the State of California or any other day on which banking institutions located in such state are authorized or required by law or other governmental action to close.

"**Event of Default**" means any of the events set forth in Section 6.

"**Merger Agreement**" means that certain Agreement and Plan of Merger dated as of May 15, 2014 by and among Maker, Payee and S3D Acquisition Company, a California corporation and a wholly-owned subsidiary of Payee.

"**Person**" means any individual, partnership, limited liability company, joint venture, firm, corporation, association, bank, trust or other enterprise, whether or not a legal entity, or any government or political subdivision or any agency, department or instrumentality thereof.

"**Reference Rate**" means the rate of interest per annum from time to time published in the money rates section of the Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that if such rate of interest, as set forth from time to time in the money rates section of the Wall Street Journal, becomes unavailable for any reason as determined by Payee, the "Prime Rate" shall mean the rate of interest per annum announced by Silicon Valley Bank as its prime rate in effect at its principal office in the State of California.

"**Security Agreement**" means that certain Security Agreement dated as of May 15, 2014 by and between Maker and Payee, as the same may be amended, supplemented or otherwise modified from time to time.

9. **Miscellaneous.**

(a) All notices, consents, requests, approvals, demands, or other communication pursuant to this Note by Maker or Payee must be in writing and shall be deemed to have been validly served, given, or delivered: (i) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (ii) upon transmission, when sent by electronic mail or facsimile transmission; (iii) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number or email address of Maker or Payee, as applicable, specified below its signature to this Note. Payee or Maker may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 9(a).

(b) Maker agrees to indemnify Payee against any losses, claims, damages and liabilities and related expenses, including counsel fees and expenses, incurred by Payee arising out of or in connection with or as a result of the transactions contemplated by this Note. In particular, Maker promises to pay all reasonable and documented out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred in connection with the collection and enforcement of this Note.

(c) No failure or delay on the part of Payee or any other holder of this Note to exercise any right, power or privilege under this Note and no course of dealing between Maker and Payee shall impair such right, power or privilege or operate as a waiver of any default or an acquiescence therein, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies expressly provided in this Note are cumulative to, and not exclusive of, any rights or remedies that Payee would otherwise have. No notice to or demand on Maker in any case shall entitle Maker to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of Payee to any other or further action in any circumstances without notice or demand.

(d) Maker and any endorser of this Note hereby consent to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waive diligence, presentment, protest, demand and notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder.

(e) **THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF MAKER AND PAYEE HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.**

(f) **ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST MAKER ARISING OUT OF OR RELATING TO THIS NOTE MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS NOTE MAKER ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS NOTE.** Maker hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to Maker at its address set forth below its signature hereto, such service being hereby acknowledged by Maker to be sufficient for personal jurisdiction in any action against Maker in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of Payee to bring proceedings against Maker in the courts of any other jurisdiction.

(g) **MAKER AND PAYEE AND, BY ITS ACCEPTANCE OF THIS NOTE, ANY SUBSEQUENT HOLDER OF THIS NOTE, HEREBY IRREVOCABLY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS NOTE OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS NOTE AND THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED.** The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Maker and Payee and, by its acceptance of this Note, any subsequent holder of this Note, each (i) acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this relationship, and that each will continue to rely on this waiver in their related future dealings and (ii) further warrants and represents that each has reviewed this waiver with its legal counsel and that each knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. **THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS OF THIS NOTE.** In the event of litigation, this provision may be filed as a written consent to a trial by the court.

(h) Maker hereby waives the benefit of any statute or rule of law or judicial decision, including without limitation California Civil Code § 1654, which would otherwise require that the provisions of this Note be construed or interpreted most strongly against the party responsible for the drafting thereof.

IN WITNESS WHEREOF, each of Maker and Payee has caused this Note to be executed and delivered by its duly authorized officer as of the date first above written.

MAKER:

OVERLAND STORAGE, INC.

By: “*Eric L. Kelly*”____________
Name: Eric L. Kelly____________
Title: Chief Executive Officer___
Address:
9112 Spectrum Center Blvd.
San Diego, CA 92123
Facsimile: (858) 495-4267
Email: ekelly@overlandstorage.com

PAYEE:

SPHERE 3D CORPORATION

By: “*Peter Tassiopoulos*”
Name: Peter Tassiopoulos
Title: Chief Executive Officer
Address:
240 Matheson Blvd. East
Mississauga, ON L4Z 1X1
Canada
Facsimile: 905.282.9966
Email: scott.worthington@sphere3d.com

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

CYRUS SELECT OPPORTUNITEIS MASTER FUND, LTD.

By: Cyrus Capital Partners, L.P., its investment manager

By: “Jennifer M. Pulick”
Name: Jennifer M. Pulick
Title Authorized Signatory
Address: c/o Cyrus Capital Partners, L.P.
399 Park Avenue, 39th Floor
New York, New York, 10022
Attention: Daniel Bordessa

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

CYRUS SELECT OPPORTUNITEIS MASTER FUND, LTD.

By: Cyrus Capital Partners, L.P., its investment manager

By: “Jennifer M. Pulick”
Name: Jennifer M. Pulick
Title Authorized Signatory
Address: c/o Cyrus Capital Partners, L.P.
399 Park Avenue, 39th Floor
New York, New York, 10022
Attention: Daniel Bordessa

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

CRS MASTER FUND, L.P.

By: Cyrus Capital Partners, L.P., its investment manager

By: “Jennifer M. Pulick”
Name: Jennifer M. Pulick
Title Authorized Signatory
Address: c/o Cyrus Capital Partners, L.P.
399 Park Avenue, 39th Floor
New York, New York, 10022
Attention: Daniel Bordessa

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

CRS MASTER FUND, L.P.

By: Cyrus Capital Partners, L.P., its investment manager

By: "Jennifer M. Pulick"
Name: Jennifer M. Pulick
Title Authorized Signatory
Address: c/o Cyrus Capital Partners, L.P.
399 Park Avenue, 39th Floor
New York, New York, 10022
Attention: Daniel Bordessa

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

CRESCENT 1, L.P.

By: Cyrus Capital Partners, L.P., its investment manager

By: “Jennifer M. Pulick”
Name: Jennifer M. Pulick
Title Authorized Signatory
Address: c/o Cyrus Capital Partners, L.P.
399 Park Avenue, 39th Floor
New York, New York, 10022
Attention: Daniel Bordessa

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

CRESCENT 1, L.P.

By: Cyrus Capital Partners, L.P., its investment manager

By: "Jennifer M. Pulick"
Name: Jennifer M. Pulick
Title Authorized Signatory
Address: c/o Cyrus Capital Partners, L.P.
399 Park Avenue, 39th Floor
New York, New York, 10022
Attention: Daniel Bordessa

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION
By: "*T. Scott Worthington*"
Name: T. Scott Worthington
Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

FBC HOLDINGS S.A.R.L.

"*signed*"
(Signature)
Manager A: Manacor (Luxembourg) S.A.

46a, avenue J.F. Kennedy. L-1855 Luxembourg
(Print Address)

P.O. Box 415, L-2014 Luxembourg
(Print Address)

+352 42 1961
(Print Fax Number)

+352 42 71711
(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

0 Company Common Stock
0 Company Options and Other Rights
0 Company RSUs
0 Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

FBC HOLDINGS S.A.R.L.

"*signed*"
(Signature)
Manager A: Manacor (Luxembourg) S.A.

____
(Signature)
Manager B: Cyrus Capital Partners, L.P.

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

0 Company Common Stock
0 Company Options and Other Rights
0 Company RSUs
0 Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

Daniel Bordessa

"*Daniel Bordessa*"
(Signature)
Manager A: Manacor (Luxembourg) S.A.

c/o Cyrus Capital
(Print Address)

399 Park Ave., 39th Floor, New York, NY 10022
(Print Address)

(Print Fax Number)

212-380-5853
(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

0 Company Common Stock
0 Company Options and Other Rights
0 Company RSUs
0 Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

STOCKHOLDER:

Daniel Bordessa

"*Daniel Bordessa*"
(Signature)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

0 Company Common Stock
0 Company Options and Other Rights
0 Company RSUs
0 Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters’ or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters’ rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” The phrases “the date of this Agreement”, “the date hereof”, and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms “hereof,” “herein,” “hereunder” and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION
By: "*T. Scott Worthington*"
Name: T. Scott Worthington
Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

Kurt L. Kalbfleisch

"*Kurt L. Kalbfleisch*"
(Signature)

____
(Print Address)

____
(Print Address)

____
(Print Fax Number)

____
(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

0 Company Common Stock
0 Company Options and Other Rights
0 Company RSUs
0 Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Kurt L. Kalbfleisch

"*Kurt L. Kalbfleisch*"

(Signature)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

0 Company Common Stock
0 Company Options and Other Rights
0 Company RSUs
0 Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

Joseph De Perio

"*Joseph De Perio*"
(Signature)

229 W60th Street, 4S
(Print Address)

New York, NY 10023
(Print Address)

212-829-2890
(Print Fax Number)

212-377-4253
(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

_____ Company Common Stock
_____ Company Options and Other Rights
_____ Company RSUs
_____ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Joseph De Perio

"*Joseph De Perio*"

(Signature of Stockholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

_____ Company Common Stock
_____ Company Options and Other Rights
_____ Company RSUs
_____ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

Nils Hoff

"*Nils Hoff*"
(Signature of Stockholder)

Bonescien 19, 5155 Bones.
(Print Address)

Norway
(Print Address)

(Print Fax Number)

+47 93092346
(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

_____ Company Common Stock
_____ Company Options and Other Rights
_____ Company RSUs
_____ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

<u>EXHIBIT A</u>

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder (“***Stockholder***”) of Overland Storage, Inc., a California corporation (the “***Company***”), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation (“***Parent***”), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the “***Shares***”) in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder’s execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the “***Voting Agreement***”), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the “***Merger Agreement***”), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent (“***Sub***”) and the Company, pursuant to which Sub will merge with and into the Company (the “***Merger***”), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term “***Expiration Time***” shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder’s attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in <u>Section 5.3</u>(<u>a</u>)(<u>ii</u>)of the Merger Agreement) or Superior Offer (as defined in <u>Section 5.3</u>(<u>a</u>)(<u>iii</u>]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Nils Hoff

"*Nils Hoff*"
(Signature of Stockholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

_____ Company Common Stock
_____ Company Options and Other Rights
_____ Company RSUs
_____ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 14, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the “***Proxy***”), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the “***Shares***”). As of the date hereof, the Shares constitute Stockholder’s entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder’s voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder’s principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the “***Company Options and Other Rights***”). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder’s voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

Robert A. Degan

"*Robert A. Degan*"
(Signature)

____
(Print Address)

____
(Print Address)

____
(Print Fax Number)

____
(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

_____ Company Common Stock
_____ Company Options and Other Rights
_____ Company RSUs
_____ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder (“***Stockholder***”) of Overland Storage, Inc., a California corporation (the “***Company***”), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation (“***Parent***”), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the “***Shares***”) in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder’s execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the “***Voting Agreement***”), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the “***Merger Agreement***”), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent (“***Sub***”) and the Company, pursuant to which Sub will merge with and into the Company (the “***Merger***”), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term “***Expiration Time***” shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder’s attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 14, 2014

Robert A. Degan

"*Robert A. Degan*"
(Signature of Stockholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

_____ Company Common Stock
_____ Company Options and Other Rights
_____ Company RSUs
_____ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 15, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the “***Proxy***”), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the “***Shares***”). As of the date hereof, the Shares constitute Stockholder’s entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder’s voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder’s principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the “***Company Options and Other Rights***”). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder’s voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters’ or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters’ rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” The phrases “the date of this Agreement”, “the date hereof”, and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms “hereof,” “herein,” “hereunder” and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

Scott McClendon

"*Scott McClendon*"
(Signature of Stockholder)

1 East Roseland Drive
(Print Address)

LaJolla, California 92037
(Print Address)

858 459 7792
(Print Fax Number)

858 775 3374 cell
(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

_____ Company Common Stock
_____ Company Options and Other Rights
_____ Company RSUs
_____ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Scott McClendon

"*Scott McClendon*"
(Signature of Stockholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

_____ Company Common Stock
_____ Company Options and Other Rights
_____ Company RSUs
_____ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

FORM OF VOTING AGREEMENT AND IRREVOCABLE PROXY

This **VOTING AGREEMENT AND IRREVOCABLE PROXY** (this "***Agreement***") is entered into as of May 14, 2014, by and between Sphere 3D Corporation, an Ontario corporation ("***Parent***"), and the undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

RECITALS

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of Parent to enter into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("***Sub***"), and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent.

WHEREAS, Stockholder understands and acknowledges that the Company, Sub and Parent are entitled to rely on (i) the truth and accuracy of Stockholder's representations contained herein and (ii) Stockholder's performance of the obligations set forth herein.

NOW, THEREFORE, in consideration of the promises and the covenants and agreements set forth in the Merger Agreement and in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, transfer (except as may be specifically required by court order, to comply with any regulation applicable to the Stockholder or by operation of law), grant an option with respect to, sell, exchange, pledge or otherwise dispose of, reduce its economic risk in, or encumber, the Shares (as defined in Section 4(a) below) or any New Shares (as defined in Section 1(d) below), or make any offer or enter into any agreement or binding arrangement or commitment providing for any of the foregoing, at any time prior to the Expiration Time (as defined below). As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2015.

(b) Except pursuant to the terms of this Agreement, Stockholder shall not, directly or indirectly, grant any proxies or powers of attorney with respect to any of the Shares, deposit any of the Shares into a voting trust, or enter into a voting agreement or similar arrangement or commitment with respect to any of the Shares or make any public announcement that is in any manner inconsistent with Section 2 hereof.

(c) Except as otherwise provided herein, Stockholder shall not, in its capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect in any material respect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby.

(d) Any shares of Company Capital Stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) after the date of this Agreement and prior to the Expiration Time, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (collectively, the "***New Shares***") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

2. Agreement to Vote Shares.

(a) Prior to the Expiration Time, at every meeting of the stockholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the stockholders of the Company with respect to any of the following matters, Stockholder shall vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 3 below), the Shares and any New Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Acquisition Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding the foregoing, nothing in this Agreement shall limit or restrict any nominee of the Stockholder from (i) acting in such nominee's capacity as a director or officer of the Company, to the extent applicable, it being understood that this Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of the Company or (ii) voting in Stockholder's sole discretion on any matter other than matters referred to in Section 2(a).

3. Irrevocable Proxy. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to Parent a duly executed proxy in the form attached hereto as Exhibit A (the "***Proxy***"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 2(a) covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, (i) Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 2(a), and (ii) Stockholder shall not grant any subsequent proxies with respect to such subject matter, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Shares and New Shares in any manner inconsistent with the terms of Section 2, until after the Expiration Time.

4. Representations, Warranties and Covenants of Stockholder. Stockholder hereby represents, warrants and covenants to Parent as follows:

(a) As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company Capital Stock set forth on Schedule 1 hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "***Shares***"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company Capital Stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No Person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a partnership or a limited liability company, the rights and interest of persons and entities that own partnership interests or units in Stockholder under the partnership agreement or operating agreement governing Stockholder and applicable partnership law or limited liability company law, or if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights (other than to the extent disclosed to the Parent prior to the date of this Agreement), charges and other encumbrances of any nature that would adversely affect the Merger or the exercise or fulfillment of the rights and obligations of Stockholder under this Agreement or of the parties to this Agreement. Stockholder's principal residence or place of business is set forth on the signature page hereto.

(b) As of the date hereof, Stockholder is the legal and beneficial owner of the number of options, restricted stock units, stock appreciation rights, warrants and other rights to acquire, directly or indirectly, shares of Company Common Stock set forth on Schedule 1 hereto (collectively, the "***Company Options and Other Rights***"). The Company Options and Other Rights are and will be at all times up until the Expiration Time free and clear of any security interests, liens, claims, pledges, options, rights of first refusal, co-sale rights, agreements, limitations on Stockholder's voting rights, charges and other encumbrances of any nature that would adversely affect the exercise or fulfillment of the rights and obligations of the parties to this Agreement.

(c) If Stockholder is a corporation, limited partnership or limited liability company, Stockholder is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or constituted.

(d) Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder (or its board of directors or similar governing body, as applicable), and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by Parent, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

(e) The execution and delivery of this Agreement does not, and the performance by Stockholder of its agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any provisions of the organizational documents of Stockholder (if applicable), or any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of its assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay consummation of the Merger and the transactions contemplated by the Merger Agreement and this Agreement or otherwise prevent or delay Stockholder from performing his, her or its obligations under this Agreement.

(f) Stockholder agrees that Stockholder will not in Stockholder's capacity as a stockholder of the Company bring, commence, institute, maintain, prosecute or voluntary aid any action, claim, suit or cause of action, in law or in equity, in any court or before any governmental entity, which (i) challenges the validity or seeks to enjoin the operation of any provision of this Agreement or (ii) alleges that the execution and delivery of this Agreement by Stockholder, either alone or together with the other Company voting agreements and proxies to be delivered in connection with the execution of the Merger Agreement, or the adoption and approval of the Merger Agreement by the Company's Board of Directors, breaches any fiduciary duty of the Company's Board of Directors or any member thereof.

5. Dissenters' or Appraisal Rights. Stockholder agrees not to exercise any rights of appraisal or any dissenters' rights that Stockholder may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with the Merger.

6. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on (i) the date of delivery, if delivered personally or by commercial delivery service, or (ii) on the date of confirmation of receipt (or the next Business Day, if the date of confirmation of receipt is not a Business Day), if sent via facsimile (with confirmation of receipt), to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice):

(i) if to Parent, to:

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

Dorsey & Whitney LLP
TD Canada Trust Tower
161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attention: Richard B. Raymer
raymer.richard@dorsey.com
Telephone No.: (416) 367-7388

(ii) if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

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

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2A 2RS
United Kingdom
Attention: Georgia M. Quenby
gquenby@reedsmith.com
Telephone No.: +44 (0) 203 1163689

(b) Interpretation. When a reference is made in this Agreement to sections or exhibits, such reference shall be to a section of or an exhibit to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date first above written. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; and (iii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement.

(c) Specific Performance; Injunctive Relief. The parties hereto acknowledge that Parent will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to Parent upon any such violation of this Agreement or the Proxy, Parent shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to Parent at law or in equity and Stockholder hereby waives any and all defenses that could exist in its favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

(d) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties hereto; it being understood that all parties need not sign the same counterpart. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

(e) Entire Agreement; Nonassignability; Parties in Interest; Death or Incapacity. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) (i) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) are not intended to confer, and shall not be construed as conferring, upon any person other than the parties hereto any rights or remedies hereunder. Except as provided in Section 1(a), neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Stockholder without the prior written consent of Parent, and any such assignment or delegation that is not consented to shall be null and void. This Agreement, together with any rights, interests or obligations of Parent hereunder, may be assigned or delegated in whole or in part by Parent to any direct or indirect wholly owned subsidiary of Parent without the consent of or any action by Stockholder upon notice by Parent to Stockholder as herein provided. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns (including, without limitation, any person to whom any Shares or New Shares are sold, transferred or assigned).

(f) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the purposes of such void or unenforceable provision.

(g) Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy shall not preclude the exercise of any other remedy.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to such state's principles of conflicts of law. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of California and the Federal district court of the United States of America located within San Jose in the State of California, in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in such state court in the State of California or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6(a) or in such other manner as may be permitted by applicable Legal Requirements, shall be valid and sufficient service thereof.

(i) Termination. This Agreement shall terminate and shall have no further force or effect from and after the Expiration Time, and thereafter there shall be no liability or obligation on the part of Stockholder, provided, that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

(j) Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against which the waiver is to be effective. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right hereunder.

(k) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

(l) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"

Name: T. Scott Worthington

Title: Chief Financial Officer

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

IN WITNESS WHEREAS, the party hereto has caused this **VOTING AGREEMENT AND IRREVOCABLE PROXY** to be executed as of the date first above written.

STOCKHOLDER:

Vic Mahadevan

"*Vic Mahadevan*"
(Signature of Stockholder)

315 Franklin St.
(Print Address)

Mountainview, CA 94041
(Print Address)

____
(Print Fax Number)

281-455-9949
(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

(pre-split) __1,000___ Company Common Stock
(pre-split) __30,000__ Company Options and Other Rights
_________ Company RSUs
_________ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE STOCK OF
Overland Storage, Inc.

The undersigned stockholder ("***Stockholder***") of Overland Storage, Inc., a California corporation (the "***Company***"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Chief Financial Officer of Sphere 3D Corporation, an Ontario corporation ("***Parent***"), or any other designee of Parent, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "***Shares***") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on Schedule 1 of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between Parent and Stockholder (the "***Voting Agreement***"), and is granted in consideration of Parent entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), by and among Parent, Overland Storage, Inc., a California corporation and wholly owned subsidiary of Parent ("***Sub***") and the Company, pursuant to which Sub will merge with and into the Company (the "***Merger***"), and the Company will survive the Merger and become a wholly owned subsidiary of Parent. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the Effective Time, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Stockholder becomes aware that the Parent has committed fraud or made a fraudulent or negligent misrepresentation for the purposes of inducing the Stockholder to enter into the Merger Agreement and/or this Agreement (D) such date and time designated by Parent in a written notice to Stockholder, (E) the written agreement of the parties hereto to terminate this Agreement, or (F) January 31, 2105.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the Expiration Time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 603 of the California Corporations Code), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii)of the Merger Agreement) or Superior Offer (as defined in Section 5.3(a)(iii]) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Parent. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 14, 2014

Vic Mahadevan

"*Vic Mahadevan*"
(Signature of Stockholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

(pre-split) __1,000___ Company Common Stock
(pre-split) __30,000__ Company Options and Other Rights
_________ Company RSUs
_________ Company SARs

[SIGNATURE PAGE TO VOTING AGREEMENT AND IRREVOCABLE PROXY]

AGREEMENT AND PLAN OF MERGER

DATED AS OF

MAY 15, 2014

BY AND AMONG

SPHERE 3D CORPORATION

OVERLAND STORAGE, INC.

AND

S3D ACQUISITION COMPANY

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of May 15, 2014 (the "Agreement"), is by and among Overland Storage, Inc., a California corporation ("the "Company"), Sphere 3D Corporation, an Ontario corporation ("Parent"), and S3D Acquisition Company, a California corporation and wholly owned subsidiary of Parent ("Merger Sub").

WHEREAS, each of the respective Boards of Directors of Parent, Merger Sub and the Company have approved the business combination between the Company and Parent on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in furtherance thereof, the Board of Directors of each of Parent, Merger Sub and the Company have approved this Agreement and the merger of Merger Sub with and into the Company (the "Merger") so that the Company continues as the surviving corporation in the Merger (sometimes referred to in such capacity as the "Surviving Corporation"), upon the terms of and subject to the conditions set forth in this Agreement and in accordance with the provisions of the California Corporations Code (the "CCC");

WHEREAS, the Board of Directors of the Company has determined to recommend to its shareholders the approval of this Agreement and the Merger;

WHEREAS, certain shareholders of the Company have entered into a shareholder support agreement with Parent pursuant to which they have agreed to vote their shares of the Company in favor of the Merger;

WHEREAS, Parent, as the sole stockholder of Merger Sub, has adopted and approved this Agreement and the Merger, and the Board of Directors of Parent has authorized the issuance of common shares of the Parent (the "Parent Common Shares") in connection with this Agreement (the "Parent Share Issuance");

WHEREAS, for United States federal income tax purposes, it is intended that the Merger shall (i) qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) to not result in gain being recognized under Section 367(a)(1) of the Code (other than for any stockholder that would be a "five-percent transferee shareholder" (within the meaning of United States Treasury Regulations Section 1.367(a) -3(c)(5)(ii)) of the Company following the Merger that does not enter into a five-year gain recognition agreement in the form provided in United States Regulations Section 1.367(a) -8(c)) (the "Intended Tax Treatment"), and this Agreement is intended to be, and is adopted as, a "plan of reorganization" for purposes of Sections 354 and 361 of the Code;

WHEREAS, Parent and Company shall concurrent with the execution of this Agreement enter into bridge loan documentation mutually agreeable to each party setting forth the terms of a bridge loan to be made by Parent to Company (the "Bridge Loan Documentation"); and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
The Merger

1.1 The Merger. Upon the terms of and subject to the conditions set forth in this Agreement, and in accordance with the CCC, at the Effective Time, Merger Sub shall be merged with and into the Company, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the Surviving Corporation and shall succeed and assume all the property, rights, privileges, powers and franchises of Merger Sub in accordance with the CCC.

1.2 Closing. The closing of the Merger (the "Closing") shall take place at 10:00 a.m., Eastern Daylight Time, on a date to be specified by the parties, which shall be no later than the second Business Day after satisfaction or waiver of all of the conditions set forth in Article VII (*other than* delivery of items to be delivered at the Closing and *other than* those conditions that by their nature are to be satisfied at the Closing, it being understood that the occurrence of the Closing shall remain subject to the delivery of such items and the satisfaction or waiver of such conditions at the Closing) at the offices of O'Melveny & Myers LLP, 2765 Sand Hill Road, Menlo Park, California 94025, unless another time, date or place is agreed to in writing by the parties hereto; provided, however, that in no event shall the Closing or the Effective Time occur prior to August 1, 2014. The date on which the Closing occurs is referred to herein as the "Closing Date." A "Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or a statutory holiday in the Province of Ontario, Canada or any day on which banking institutions in the State of California or in the Province of Ontario, Canada are authorized or required by law or other governmental action to close.

1.3 Effective Time. Upon the terms of and subject to the conditions of this Agreement, as soon as practicable on the Closing Date, the parties shall cause the Merger to be consummated by filing an agreement of merger executed in accordance with the relevant provisions of the CCC (the "California Merger Agreement") with the Secretary of State of the State of California (the "CA Secretary of State") and shall make all other filings or recordings required under the CCC. The Merger shall become effective at such time as the California Merger Agreement is duly filed with the CA Secretary of State, or at such subsequent date or time as the Company and Parent shall agree and specify in the California Merger Agreement. The date and time at which the Merger becomes effective as set forth in the California Merger Agreement is referred to herein as the "Effective Time."

1.4 Effects of the Merger. At the Effective Time, the Merger shall have the effects set forth in this Agreement and in the applicable provisions of the CCC. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the rights, properties, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation in the same manner as if the Surviving Corporation had itself incurred them.

1.5 Organizational Documents of the Surviving Corporation. At the Effective Time, the Company's Amended and Restated Articles of Incorporation, as amended, and Bylaws (the "Organizational Documents") shall be amended and restated in its entirety to be in a form that is mutually agreed upon by Parent and the Company in their reasonable judgment, and such amended Company Organizational Documents shall be the articles of incorporation of the Surviving Corporation until thereafter amended in accordance with the CCC and as provided in such articles of incorporation (the "Surviving Charter"). After the Effective Time, the authorized capital stock of the Surviving Corporation shall consist of 1,000 shares of common stock, $0.001 par value. At the Effective Time, the bylaws of the Company shall be amended and restated in their entirety to be in a form that is mutually agreed upon by Parent and the Company, and such bylaws shall be the bylaws of the Surviving Corporation until thereafter amended in accordance with the CCC and as provided in such bylaws (the ("Surviving Bylaws").

1.6 Directors and Officers of the Surviving Corporation. The directors and officers of Merger Sub shall be, from and after the Effective Time, the directors and officers of the Surviving Corporation until their successors are duly elected and qualified or until their earlier death, resignation or removal in accordance with the Surviving Charter, the Surviving Bylaws and the CCC.

1.7 Governance of Parent. The Company, Parent, Merger Sub and the Surviving Corporation shall take all actions necessary so that the matters set forth on Exhibit A occur on the Closing Date.

1.8 Tax Consequences. It is intended by the parties hereto that the Merger shall qualify for the Intended Tax Treatment for all relevant Tax purposes and the parties shall not take any position inconsistent therewith in any Tax filing or proceeding. In the event the parties determine that the Merger may not qualify as a "reorganization" within the meaning of Section 368(a) of the Code, they will cooperate in restructuring the transaction, to the extent reasonably possible, to cause the Merger to so qualify.

“Tax” (and, with correlative meaning, “Taxes”) means (i) any federal, state, provincial, local or foreign net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, estimated or windfall profit tax, custom duty, national insurance tax, health tax or other tax or other like assessment or charge of any kind whatsoever, including social security contributions, in each case together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign), whether disputed or not, (ii) any Liability for the payment of any amounts of the type described in clause (i) of this sentence as a result of being a member of an affiliated, consolidated, combined, unitary or aggregate group for any Tax period, and (iii) any Liability for the payment of any amounts of the type described in clause (i) or (ii) of this sentence as a result of being a transferee of or successor to any Person or as a result of any express or implied obligation to indemnify any other Person, by contract or otherwise.

“Governmental Authority” means any court or tribunal, governmental, quasi-governmental or regulatory body, administrative agency or bureau, commission or authority or other body exercising similar powers or authority, including any regulatory body, administrative agency or bureau, commission or authority or other body.

“Liabilities” means debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable, known or unknown, including those arising under any Law, action or governmental order and those arising under any contract.

ARTICLE II
Effects of the Merger; Exchange of Certificates

2.1 Effect on Capital Stock. Upon the terms and subject to the conditions of this Agreement, at the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or the holders of any shares of common stock, no par value, of the Company (“Company Common Stock”):

(a) Company Common Stock. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time, other than Dissenting Shares, shall automatically be converted into and represent the right to receive a fraction of a fully paid and nonassessable Parent Common Share equal to the Exchange Ratio upon surrender of the Certificate or Uncertificated Shares which immediately prior to the Effective Time represented such share of Company Common Stock in the manner provided in Section 2.2(b) (or, in the case of a lost, stolen or destroyed Certificate, Section 2.2(i)) . As used in this Agreement, “Exchange Ratio” shall mean 0.510594 plus the quotient obtained by dividing (x) the number of Parent Common Shares held by the Company immediately prior to the Effective Time by (y) 18,495,865.20 plus the quotient obtained by dividing (A) (i)105% of the principal amount of any indebtedness of the Company to Cyrus (designated in U.S. dollars) repaid by the Company on or after the date hereof and prior to the Effective Time divided by (ii) 8.675 by (B) 18,495,865.20. The Parent Common Shares to be issued to holders of Company Common Stock pursuant to this Agreement, together with any cash to be paid to such holders in lieu of fractional shares pursuant to Section 2.2(f), are referred to as the “Merger Consideration”. As a result of the Merger, at the Effective Time, each holder of a Certificate shall cease to have any rights with respect thereto, *except* the right to receive the Merger Consideration payable in respect of the shares of Company Common Stock represented by such Certificate immediately prior to the Effective Time, any cash in lieu of fractional shares payable pursuant to Section 2.1(f) and any dividends or other distributions payable pursuant to Section 2.2(d), all to be issued or paid, without interest, in consideration therefor upon the surrender of such Certificate in accordance with Section 2.2(b) (or, in the case of a lost, stolen or destroyed Certificate, Section 2.2(i)) .

(b) Capital Stock of Merger Sub. Each issued and outstanding share of common stock, par value $0.0001 per share, of Merger Sub shall be converted into one fully paid and nonassessable share of common stock, no par value, of the Surviving Corporation.

(c) Company Equity Awards. At the Effective Time, all issued and outstanding options to purchase Company Common Stock ("Company Options"), and all issued and outstanding awards of restricted stock units with respect to Company Common Stock ("Company RSUs"), in each case granted under any Company Stock Plan and whether vested or unvested in accordance with their terms, shall be treated as provided in Section 6.10. For purposes hereof, "Company Stock Plans" shall mean the Company's 2009 Equity Incentive Plan, the Company's 2003 Equity Incentive Plan and the Company's 2000 Stock Option Plan, and each individual award agreement that covers an outstanding equity award granted by the Company under the "inducement grant" exception provided in NASDAQ Rule 5635(c)(4). Prior to the Effective Time, the rights of participants in the Company's 2006 Employee Stock Purchase Plan, as amended (the "ESPP") and all issued and outstanding awards of stock appreciation rights with respect to Company Common Stock ("Company SARs"), shall terminate as provided in Section 6.10.

(d) Company Warrants. At the Effective Time, and in accordance with the terms of each warrant to purchase shares of Company Common Stock (collectively, the "Company Warrants") that are issued and outstanding immediately prior to the Effective Time, Parent shall issue a replacement warrant to each holder thereof providing that such replacement warrant shall be exercisable for a number of Parent Common Shares equal to the product of (x) the aggregate number of shares of Company Common Stock issuable in respect of such Company Warrant immediately prior to the Effective Time multiplied by (y) the Exchange Ratio (the "Replacement Warrants"). Each Replacement Warrant shall contain appropriate provision such that the provisions of each Company Warrant (including the exercise period and the exercise price and provision for adjustment of the exercise price) shall thereafter be maintained in each such Replacement Warrant as nearly equivalent as may be practicable in relation to such Company Warrant. From and after the Effective Time, Parent shall comply with all of the terms and conditions set forth in each such Replacement Warrant, including the obligation to issue the Parent Common Shares contemplated thereby upon exercise thereof.

(e) Fractional Shares. No fraction of a Parent Common Share will be issued by virtue of the Merger, but in lieu thereof each holder of shares of Company Common Stock who would otherwise be entitled to receive a fraction of a Parent Common Share (after aggregating all fractional Parent Common Shares that otherwise would be received by such holder) shall, upon surrender of such holder's Certificate(s), receive from Parent an amount of cash (rounded to the nearest whole cent), without interest, equal to the product of: (i) such fraction, multiplied by (ii) the closing trading price of the Parent Common Shares on the TSX Venture Exchange (the "TSXV") or such other stock exchange where the Parent Common Shares principally trade on the second trading day immediately preceding the Closing Date (the "Parent Share Price").

(f) Adjustments to Exchange Ratio. Notwithstanding any provision of this Article II to the contrary (but without in any way limiting the covenants in Section 5.1), the Exchange Ratio shall be adjusted to reflect fully the appropriate effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Parent Common Share or Company Common Stock), reorganization, recapitalization, reclassification or other like change with respect to Parent Common Share or Company Common Stock having a record date on or after the date hereof and prior to the Effective Time.

2.2 Exchange of Shares and Certificates.

(a) Exchange Agent. Prior to the Effective Time, Parent shall appoint an exchange agent (the "Exchange Agent") for the purpose of exchanging for the Merger Consideration (i) certificates representing shares of Company Common Stock (the "Certificates") and (ii) uncertificated shares of Company Common Stock (the "Uncertificated Shares"). As of the Effective Time, Parent shall deposit with the Exchange Agent the aggregate Merger Consideration to be paid in respect of the Certificates and Uncertificated Shares, including any shares of Company Common Stock issuable upon the vesting of any Company RSUs at the Effective Time (the "Exchange Fund"). Promptly after the Effective Time, Parent shall send, or shall cause the Exchange Agent to send, to each record holder of shares of Company Common Stock at the Effective Time a letter of transmittal and instructions (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the Certificates or transfer of the Uncertificated Shares to the Exchange Agent) for use in such exchange.

(b) Exchange Procedures. Each holder of shares of Company Common Stock that have been converted into the right to receive the Merger Consideration shall be entitled to receive the Merger Consideration in respect of the Company Common Stock represented by a Certificate or Uncertificated Share, upon (i) surrender to the Exchange Agent of a Certificate, together with a duly completed and validly executed letter of transmittal and such other documents as may reasonably be requested by the Exchange Agent, or (ii) receipt of an "agent's message" by the Exchange Agent (or such other evidence, if any, of transfer as the Exchange Agent may reasonably request) in the case of a book-entry transfer of Uncertificated Shares. Until so surrendered or transferred, as the case may be, each such Certificate or Uncertificated Share shall represent after the Effective Time for all purposes only the right to receive such Merger Consideration. No interest shall be paid or accrued on any amount payable upon the surrender or transfer of any such Certificate or Uncertificated Share.

(c) If any portion of the Merger Consideration is to be paid to a Person other than the Person in whose name the surrendered Certificate or the transferred Uncertificated Share is registered, it shall be a condition to such payment that (i) either such Certificate shall be properly endorsed or shall otherwise be in proper form for transfer or such Uncertificated Share shall be properly transferred and (ii) the Person requesting such payment shall pay to the Exchange Agent any transfer or other Tax required as a result of such payment to a Person other than the registered holder of such Certificate or Uncertificated Share or establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(d) Distributions with Respect to Unexchanged Shares. No dividends or other distributions with respect to a Parent Common Share with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate or non-transferred Uncertificated Shares with respect to the right to receive Parent Common Shares represented thereby, and no cash payment in lieu of fractional shares shall be paid to any such holder pursuant to Section 2.1(f), until (i) such Certificate has been surrendered, or (ii) such Uncertificated Share has, in each case, been transferred in accordance with this Article II. Subject to all applicable laws, statutes, orders, rules, regulations, policies or guidelines promulgated, or judgments, decisions or orders entered by any federal, state, provincial, local or foreign government, any court, administrative, regulatory or other governmental agency, commission or authority or any non-governmental self-regulatory agency, commission or authority ("Governmental Entity") (all such laws, statutes, orders, rules, regulations, policies, guidelines, judgments, decisions and orders, collectively, "Laws" or "Law"), following surrender of any such Certificate or transfer of Uncertificated Shares, there shall be paid to the recordholder thereof, without interest, (i) promptly after such surrender and transfer, the number of whole Parent Common Shares issuable in exchange therefor pursuant to this Article II, together with any cash payable in lieu of a fractional Parent Common Share to which such holder is entitled pursuant to Section 2.1(f) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole Parent Common Shares, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time and prior to the date of such surrender and a payment date subsequent to the date of such surrender payable with respect to such whole Parent Common Shares.

(e) No Further Ownership Rights in Company Common Stock. All Parent Common Shares issued upon the surrender for exchange of Certificates, or transfer of Uncertificated Shares, in accordance with the terms of this Article II and any cash paid pursuant to Section 2.1(f) or Section 2.2(d) shall be deemed to have been issued (and paid) in full satisfaction of all rights pertaining to the shares of Company Common Stock previously represented by such Certificates or Uncertificated Shares. At the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented or Uncertificated Shares are transferred to the Surviving Corporation or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article II.

(f) Termination of Exchange Fund. Any portion of the Exchange Fund which remains undistributed to the holders of Certificates or Uncertificated Shares one year after the Effective Time shall be delivered to Parent, upon demand, and any holders of Certificates or Uncertificated Shares who have not theretofore complied with this Article II shall thereafter look only to Parent for payment of their claim for the Merger Consideration, and any dividends or distributions pursuant to Section 2.2(d) .

(g) Escheat; No Liability. None of Parent, Merger Sub, Surviving Corporation or the Exchange Agent shall be liable to any Person in respect of any Parent Common Shares (or dividends or distributions with respect thereto) or cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. If any Certificate shall not have been surrendered or Uncertificated Shares shall not have been transferred immediately prior to the date on which any Parent Common Share, any cash in lieu of fractional Parent Common Shares or any dividends or distributions with respect to a Parent Common Share issuable in respect of such Certificate or Uncertificated Shares would escheat to or otherwise become the property of any Governmental Entity, any such shares, cash, dividends or distributions in respect of such Certificate or Uncertificated Shares shall, to the extent permitted by applicable Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any Person previously entitled thereto.

(h) Withholding Rights. Parent or the Exchange Agent shall be entitled to deduct and withhold from any consideration payable pursuant to this Agreement to any Person who was a holder of Company Common Stock, options or other securities or rights immediately prior to the Effective Time such amounts as Parent or the Exchange Agent may be required to deduct and withhold with respect to the making of such payment under the Code, or any provision of federal, state, local or foreign Tax law. To the extent that amounts are so withheld by Parent or the Exchange Agent and paid over to the applicable tax authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person to whom such consideration would otherwise have been paid. If any deduction or withholding is required as contemplated by this Section 2.2(h), then the parties shall take all reasonable steps to reduce the rate of withholding Tax as provided under relevant Tax Law and practice. The parties shall cooperate reasonably in completing and filing documents required under the provisions of any applicable Law in connection with reducing the rate of withholding Tax due under the laws of the relevant territory or relevant double tax treaties, or in connection with any claim to a refund of, or credit for, any required deduction or withholding. In the event that any consideration payable in Parent Common Shares pursuant to this Agreement is subject to tax withholding, Parent agrees that it shall withhold from such payment the minimum number of whole Parent Common Shares required to satisfy such tax withholding obligations at the minimum applicable withholding rates and remit the amount of such tax withholding to the applicable tax authority.

(i) Lost, Stolen or Destroyed Certificates. In the event any Certificate shall have been lost, stolen or destroyed, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificates, upon the making of an affidavit of that fact by the holder thereof, such Parent Common Shares as may be required pursuant to Section 2.1(a), cash for fractional shares pursuant to Section 2.1(f) and any dividends or distributions payable pursuant to Section 2.2(d); *provided*, *however*, that Parent may, in its reasonable discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificate to deliver an agreement of indemnification in form reasonably satisfactory to Parent, or a bond in such sum as Parent may reasonably direct as indemnity, against any claim that may be made against Parent or the Exchange Agent in respect of the Certificate or Certificates alleged to have been lost, stolen or destroyed.

(j) Investment of Exchange Fund. The Exchange Agent shall invest any cash included in the Exchange Fund as directed by Parent on a daily basis; *provided*, that no such investment or loss thereon shall affect the amounts payable to former shareholders of the Company after the Effective Time pursuant to this Article II. Any interest and other income resulting from such investment shall become a part of the Exchange Fund and any amounts in excess of the amounts payable pursuant to this Article II shall promptly be paid to Parent.

2.3 Dissenting Shareholders.

(a) Notwithstanding anything in this Agreement to the contrary, in the event that the applicable requirements of Section 1300(b) of the CCC have been satisfied, shares of Company Common Stock which were outstanding on the date for the determination of shareholders entitled to vote on the Merger and which were voted against the Merger and the holders of which have demanded that the Company purchase such shares at their fair market value in accordance with Section 1301 of the CCC and have submitted such shares for endorsement in accordance with Section 1302 of CCC and have not otherwise failed to perfect or shall not have effectively withdrawn or lost their rights to require such shares to be purchased for cash under the CCC (collectively, "Dissenting Shares"), shall not be converted into or represent the right to receive any Parent Common Shares pursuant to Section 2.1(a), but, instead, the holders thereof shall be entitled to have their shares purchased by Parent for cash at the fair market value of such Dissenting Shares as agreed upon or determined in accordance with the provisions of Section 1300 et seq. of the CCC.

(b) If any shareholder who holds Dissenting Shares as of the Effective Time effectively withdraws or loses (through passage of time, failure to demand or perfect, or otherwise) the right to demand and perfect dissenters' rights under the CCC, then, as of the later of the Effective Time and the occurrence of such event, such holder's shares that were Dissenting Shares shall automatically be converted into and represent only the right to receive the Merger Consideration pursuant to and subject to Section 2.1 without interest thereon upon surrender of the Certificates representing such holder's shares.

(c) The Company shall give Parent (i) prompt written notice of any written demands for purchase of any shares of Company Common Stock pursuant to the exercise of dissenters' rights, withdrawals of such demands, and any other instruments or notices served pursuant to the CCC on the Company and (ii) the opportunity to participate in all negotiations and proceedings with respect to demands for purchase of any shares of Company Common Stock pursuant to the exercise of dissenters' rights under the CCC. The Company shall not, except with the prior written consent of Parent, voluntarily make or agree to make any payment with respect to any demands for purchase of any shares of Company Common Stock pursuant to the exercise of dissenters' rights under the CCC, or settle or offer to settle any such demands.

ARTICLE III
Representations and Warranties of the Company

Subject to the exceptions set forth in a numbered or lettered section of the disclosure letter of the Company addressed to Parent, dated as of the date hereof and delivered to Parent with the parties' execution of this Agreement (the "Company Disclosure Schedule") specifically referencing a representation or warranty herein, the Company represents and warrants to Parent and Merger Sub that the statements contained in this Article III (each of which exceptions and disclosures set forth in any section or subsection of the Company Disclosure Schedule will apply to any other section or subsection of the Company Disclosure Schedule to the extent the relevance to such other section or subsection is reasonably apparent from a reading of the text of such disclosure to a reader unfamiliar with the business of the Company and its Subsidiaries, taken as a whole) are true and correct on and as of the date hereof. For purposes of this Agreement, a document shall be deemed to have been "made available" by the Company to Parent if it is publicly available through the Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR"):

3.1 Corporate Organization.

(a) Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to carry on its business as now conducted and to own or lease its properties, in each case as described in the SEC Filings. Each of the Company and its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property makes such qualification or leasing necessary unless the failure to so qualify has not had and could not reasonably be expected to have a Material Adverse Effect.

As used in this Agreement, the terms "Material Adverse Change" or "Material Adverse Effect" mean, with respect to Parent or the Company, as the case may be, any change, effect, event, occurrence or state of facts that has or has had a material adverse effect (i) on the business, properties, financial condition or results of operations of such party and its subsidiaries, taken as a whole, *provided*, *however*, that a Material Adverse Effect/Material Adverse Change will be deemed not to include effects to the extent resulting from: (A) any change, after the date hereof, in Law, U.S. generally accepted accounting principles ("GAAP") with respect to the Company, or International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS") with respect to the Parent, or the accounting rules and regulations of the Securities and Exchange Commission (the "SEC") or the Canadian Securities Commissions, (B) any change in the market price or trading volume of Parent Common Shares or Company Common Stock (it being understood that any change, effect, event, occurrence or state of facts that is an underlying cause of such change in price or trading volume shall not be excluded by virtue of this exception), (C) any change, effect, event, occurrence or state of facts exclusively relating to any acts of terrorism, sabotage, military action or war, (D) any change in or relating to the United States or Canadian economy or United States or Canadian financial, credit or securities markets in general, or (E) any change in or relating to the industry in which such party operates or the markets for any of such party's products or services in general, which change in the case of clauses (D) and (E) does not affect such party to a materially disproportionate degree relative to other entities operating in such markets or industries or serving such markets, (F) the filing of any shareholder class action, derivative or similar litigation arising from an alleged breach of fiduciary duty or misrepresentation in public disclosure relating to this Agreement; *provided*, that the facts underlying such litigation may constitute a Material Adverse Effect or Material Adverse Change; or (ii) on the ability of such party to consummate the transactions contemplated by this Agreement in substantially the manner contemplated hereby.

As used in this Agreement, the term "Subsidiary" means with respect to any Person, any corporation, association, business entity, partnership, limited liability company or other Person of which such Person, either alone or together with one or more Subsidiaries or by one or more other Subsidiaries (i) directly or indirectly owns or controls securities or other interests representing at least fifty percent (50%) of the voting power of such Person, or (ii) is entitled, by Contract or otherwise, to elect, appoint or designate directors or other members constituting a majority of the members of such Person's board of directors, board of managers or other governing body.

3.2 Authorization. The Company has the corporate power and authority to enter into this Agreement and, subject only to the approval of the Merger by the holders of a majority of the shares of the Company Common Stock at the Company Shareholders Meeting (the "Company Shareholder Approval"), has taken all requisite action on its part, its officers, directors and shareholders necessary for (i) the authorization, execution and delivery of this Agreement and (ii) the authorization of the performance of all obligations of the Company hereunder. This Agreement constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability, relating to or affecting creditors' rights generally and to general equitable principles.

3.3 Capitalization. The Company has set forth on Schedule 3.3 a description of all duly and validly authorized capital stock. All of the issued and outstanding shares of the Company's capital stock have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights and were issued in full compliance with applicable Law and any rights of third parties. All of the issued and outstanding shares of capital stock of each Subsidiary of the Company have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights, were issued in full compliance with applicable state and federal securities Law and any rights of third parties and are owned by the Company, beneficially and of record, subject to no Lien. No Person is entitled to pre-emptive or similar statutory or contractual rights with respect to any securities of the Company. There are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company or any of its Subsidiaries is or may be obligated to issue any equity securities of any kind and except as set forth in Schedule 3.3, neither the Company nor any of its Subsidiaries is currently in negotiations for the issuance of any equity securities of any kind. Except as described in the SEC Filings there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among the Company and any of the security holders of the Company relating to the securities of the Company held by them. Except as described in the SEC Filings no Person has the right to require the Company to register any securities of the Company under the Securities Act, whether on a demand basis or in connection with the registration of securities of the Company for its own account or for the account of any other Person. No securities that are exchangeable or exercisable for, or convertible into, capital stock of the Company are outstanding, other than as set forth on Schedule 3.3 hereto.

Except as described in the SEC Filings, the Company does not have outstanding any shareholder purchase rights or "poison pill" or any similar arrangement in effect giving any Person the right to purchase any equity interest in the Company upon the occurrence of certain events (a "Rights Plan").

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance, claim, infringement, right of first refusal, preemptive right, community property right or other adverse claim of any kind in respect of such property or asset. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

3.4 Consents. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby require no consent of, action by or in respect of, or filing with, any Person, Governmental Entity or official other than filings that have been made pursuant to applicable state securities Laws and filings pursuant to applicable state and federal securities Laws which the Company undertakes to file within the applicable time periods, including the filing of the Proxy Statement with the SEC in accordance with the Exchange Act and such reports under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), as may be required in connection with this Agreement and the other transactions contemplated by this Agreement.

3.5 Delivery of SEC Filings; Business. The Company has made available to Parent through the EDGAR system, true and complete copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended July 1, 2013 (as amended prior to the date of this Agreement, the "10-K"), and all other reports filed by the Company pursuant to Sections 13(a), 13(e), 14 and 15(d) of the Exchange Act since the filing of the 10-K and during the twelve (12) months preceding the date of this Merger Agreement (collectively, the "SEC Filings"). The SEC Filings are the only filings required of the Company pursuant to the Exchange Act for such period. The Company and its Subsidiaries are engaged in all material respects only in the business described in the SEC Filings and the SEC Filings contain a complete and accurate description in all material respects of the business of the Company and its Subsidiaries, taken as a whole.

3.6 Absence of Certain Changes. Between July 1, 2013 and the date of this Agreement, except as described in the SEC Filings, there has not been with respect to the Company, any:

(a) Material Adverse Change or any change, event, circumstance, condition or effect that would reasonably be expected to result in a Material Adverse Change;

(b) amendment or change in the Company's Charter Documents;

(c) incurrence, creation or assumption of (i) any Lien on any of its assets or properties (other than Permitted Liens) or (ii) any Liability as a guarantor or surety with respect to the obligations of any Person other than a Subsidiary of the Company;

"Permitted Liens" means (i) Liens disclosed on the Company balance sheet, (ii) Liens for Taxes that are (A) not yet due and payable as of the Closing Date or (B) being contested in good faith (and for which adequate accruals or reserves have been established on the Company balance sheet), and (iii) landlords', mechanics', carriers', workmen's, repairmen's or other like liens or other similar encumbrances arising or incurred in the ordinary course of business consistent with past practice that, in the aggregate, do not materially impair the value or the present or intended use and operation of the assets to which they relate.

(d) material damage, destruction or loss of any property or asset, whether or not covered by insurance;

(e) declaration, setting aside or payment of any dividend on, or the making of any other distribution in respect of, its capital stock;

(f) any material change with respect to its senior management or other key personnel;

(g) any actual or threatened material employee strikes, work stoppages, slowdowns or lockouts or, to the Knowledge of the Company, any labor union organization activity;

(h) making or entering into of any agreement with respect to any acquisition, sale or transfer of all or substantially all of the assets of the Company;

(i) any change in accounting methods or practices (including any change in depreciation or amortization policies or rates or revenue recognition policies) or any revaluation of any of its assets;

(j) commencement of any action, suit, arbitration, mediation, proceeding, claim or investigation, or receipt notice of or, to the Knowledge of the Company, a threat of any action, suit, arbitration, mediation, proceeding, claim or investigation against a the Company relating to any of its business, properties or assets;

(k) any negotiation with respect to, or any entry into, any agreement to do any of the things described in the preceding clauses (a) - (j) (other than negotiations and agreements with the Company and its representatives regarding the transactions contemplated by this Agreement).

3.7 SEC Filings.

(a) At the time of filing thereof, each of the SEC Filings complied as to form in all material respects with the requirements of the Exchange Act and did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) Each registration statement and any amendment thereto filed by the Company since January 1, 2011 pursuant to the Securities Act and the rules and regulations thereunder, as of the date such statement or amendment became effective, complied as to form in all material respects with the Securities Act and did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein not misleading; and each prospectus filed pursuant to Rule 424(b) under the Securities Act, as of its issue date and as of the closing of any sale of securities pursuant thereto did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3.8 No Conflict, Breach, Violation or Default. The execution, delivery and performance of this Agreement by the Company will not (a) conflict with or result in a breach or violation of (i) any of the terms and provisions of, or constitute a default under the Company Organizational Documents, or (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, any of its Subsidiaries or any of their respective assets or properties, or (b) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any of its Subsidiaries or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any material contract, except in the case of clauses (a)(i) and (b) above, such as could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

3.9 Tax Matters. The Company and each of its Subsidiaries have prepared and filed (or filed applicable extensions therefor) all returns, declarations, reports, claims for refund, information returns or statements relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof (the "Tax Returns") required to have been filed by the Company or any such Subsidiary with all Governmental Authorities and paid all Taxes shown thereon or otherwise due for payment, other than any such Taxes which the Company or any Subsidiary are contesting in good faith and for which adequate reserves have been provided and reflected in the Company's financial statements included in the SEC Filings. The charges, accruals and reserves on the books of the Company in respect of Taxes for all fiscal periods are adequate in all material respects, and there are no material unpaid assessments against the Company or any of its Subsidiaries nor, to the Company's Knowledge, any basis for the assessment of any additional Taxes, penalties or interest for any fiscal period or audits by any federal, state or local taxing authority except for any assessment which is not material to the Company and its Subsidiaries, taken as a whole. All Taxes and other assessments and levies that the Company or any of its Subsidiaries is required to withhold or to collect for payment have been duly withheld and collected and paid to the proper Governmental Authorities or third party when due, other than any such Taxes which the Company or any of its Subsidiaries are contesting in good faith and for which adequate reserves have been provided and reflected in the Company's financial statements included in the SEC Filings. There are no Tax liens or claims pending or, to the Company's Knowledge, threatened in writing against the Company or any of its Subsidiaries or any of their respective assets or property. Except as described in the SEC Filings, there are no outstanding Tax sharing agreements or other such arrangements between the Company and any of its Subsidiaries, on the one hand, and any other corporation or entity, on the other hand. The Company has not taken any other action or knows of any other fact relating to the Merger that would reasonably be expected to prevent the Merger from qualifying for the Intended Tax Treatment.

3.10 Title to Properties. Except as disclosed in the SEC Filings, the Company and each of its Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by it, in each case free from Liens that would materially affect the value thereof or materially interfere with the use made or currently planned to be made thereof by them; and except as disclosed in the SEC Filings, the Company and each of its Subsidiaries holds any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or currently planned to be made thereof by them. Such assets are sufficient for the continued operation of the business of the Company as currently conducted.

3.11 Certificates, Authorities and Permits. The Company and each of its Subsidiaries possess adequate certificates, authorities or permits issued by appropriate Governmental Authorities necessary to conduct the business now operated by it, except to the extent failure to possess such certificates, authorities or permits could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate, and neither the Company nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or such Subsidiary, could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

3.12 Labor Matters.

(a) Except as set forth in the SEC Filings, the Company is not a party to or bound by any collective bargaining agreements or other agreements with labor organizations. The Company has not violated in any material respect any Laws, regulations, orders or contract terms, affecting the collective bargaining rights of employees, labor organizations or any Laws, regulations or orders affecting employment discrimination, equal opportunity employment, or employees' health, safety, welfare, wages and hours.

(b) (i) There are no labor disputes existing, or to the Company's Knowledge, threatened, involving strikes, slow-downs, work stoppages, job actions, disputes, lockouts or any other disruptions of or by the Company's employees, (ii) there are no unfair labor practices or petitions for election pending or, to the Company's Knowledge, threatened before the National Labor Relations Board or any other federal, state or local labor commission relating to the Company's employees, (iii) no demand for recognition or certification heretofore made by any labor organization or group of employees is pending with respect to the Company and (iv) to the Company's Knowledge, the Company enjoys good labor and employee relations with its employees and labor organizations.

(c) The Company is, and at all times has been, in compliance with all applicable Laws respecting employment (including Laws relating to classification of employees and independent contractors) and employment practices, terms and conditions of employment, wages and hours, and immigration and naturalization, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate. There are no claims pending against the Company before the Equal Employment Opportunity Commission or any other administrative body or in any court asserting any violation of Title VII of the Civil Rights Act of 1964, the Age Discrimination Act of 1967, 42 U.S.C. §§ 1981 or 1983 or any other federal, state or local Law, statute or ordinance barring discrimination in employment.

(d) To the Company's Knowledge, the Company has no liability for the improper classification by the Company of its employees as independent contractors or leased employees prior to the date of this Agreement.

3.13 Intellectual Property. The Company and its Subsidiaries own, or have obtained valid and enforceable licenses for, or other rights to use, the Intellectual Property necessary for the conduct of the business of the Company and its Subsidiaries as currently conducted and as described in the SEC Filings, except where the failure to own, license or have such rights could not reasonably be expected to result in a Material Adverse Effect, individually or in the aggregate. Except as described in the SEC Filings, (i) to the Company's Knowledge, there are no third parties who have or will be able to establish rights to any Intellectual Property, except for the ownership rights of the owners of the Intellectual Property which is licensed to the Company or where such rights could not reasonably be expected to result in a Material Adverse Effect, individually or in the aggregate; (ii) there is no pending or, to the Company's Knowledge, threat of any, action, suit, proceeding or claim by others challenging the Company or any of its Subsidiaries' rights in or to, or the validity, enforceability, or scope of, any Intellectual Property owned by or licensed to the Company or any of its Subsidiaries or claiming that the use of any Intellectual Property by the Company or any Subsidiary in their respective businesses as currently conducted infringes, violates or otherwise conflicts with the intellectual property rights of any third party; and (iii) to the Company's Knowledge, the use by the Company or any of its Subsidiaries of any Intellectual Property by the Company or any of its Subsidiaries in their respective businesses as currently conducted does not infringe, violate or otherwise conflict with the intellectual property rights of any third party.

As used in this Agreement, the term "Intellectual Property" means all the United States and foreign intellectual property and other proprietary rights, arising under statutory, common, or other law and whether or not perfected, owned by or licensed to the Company or its Subsidiaries or Parent or its Subsidiaries, as applicable, including (a) registered and unregistered trademarks, service marks, brand names, certification marks, collective marks, d/b/a's, Internet domain names, social media accounts and names, logos, symbols, trade dress, industrial designs, assumed names, fictitious names, trade names, and other indicia of origin, all applications and registrations for all of the foregoing, and all goodwill associated therewith and symbolized thereby, including all extensions, modifications and renewals of same; (b) patents, patent applications, patent disclosures and inventions and discoveries which may be patentable and improvements thereto, industrial designs, invention disclosures, and any and all divisions, continuations, continuations-in-part, reissues, continuing patent applications, reexaminations, and extensions thereof, any counterparts claiming priority therefrom and like statutory rights related to the foregoing (collectively, "Patents"); (c) know-how or other trade secrets, whether or not reduced to practice, including processes, schematics, databases, formulae, drawings, prototypes, models and designs (collectively, "Trade Secrets"); (d) published and unpublished works of authorship (including computer software, mask works and databases) whether copyrightable or not, copyrights therein and thereto, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof (collectively, "Copyrights"); and (e) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source or object code form, user interfaces, databases and compilations, including any and all data and collections of data, and all manuals and other specifications and Documentation and all know-how relating thereto (including all computer programs, object code, source code, user interface, and databases and all rights under Patents, Trade Secrets and Copyrights embodied therein).

3.14 Environmental Matters. To the Company's Knowledge, neither the Company nor any of its Subsidiaries is in violation of any Environmental Laws, owns or operates any real property contaminated with any substance that is subject to any Environmental Laws, is liable for any off-site disposal or contamination pursuant to any Environmental Laws, or is subject to any claim relating to any Environmental Laws, which violation, contamination, liability or claim has had or could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate; and there is no pending or, to the Company's Knowledge, threatened investigation that might lead to such a claim.

"Environmental Law" means any supranational, international, national (of any jurisdiction), federal, provincial, state or local statute, law, regulation, guideline, rule, standard or other legal requirement relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface or subsurface strata), including any law or regulation relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Materials of Environmental Concern.

"Materials of Environmental Concern" include chemicals, pollutants, contaminants, wastes, toxic substances, petroleum and petroleum products and any other substance that is currently regulated by an Environmental Law or that is otherwise a danger to health, reproduction or the environment.

3.15 Litigation. There are no pending actions, suits or proceedings against or affecting the Company, any of its Subsidiaries or any of its or their properties; and to the Company's Knowledge, no such actions, suits or proceedings are threatened, except (i) as described in the SEC Filings or (ii) any such proceeding, which if resolved adversely to the Company or any of its Subsidiaries, could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate. Neither the Company nor any of its Subsidiaries, nor any director or officer thereof, is or since January 1, 2005 has been the subject of any action involving a claim of violation of or liability under federal or state securities Laws or a claim of breach of fiduciary duty. There has not been, and to the Company's Knowledge, there is not pending or contemplated, any investigation by the SEC involving the Company or any current or former director or officer of the Company. The SEC has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Securities Act or the Exchange Act.

3.16 Financial Statements. The financial statements included in each SEC Filing comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing (or to the extent corrected by a subsequent restatement) and present fairly, in all material respects, the consolidated financial position of the Company as of the dates shown and its consolidated results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with GAAP (except as may be disclosed therein or in the notes thereto, and, in the case of quarterly financial statements, as permitted by Form 10-Q under the Exchange Act). Except as set forth in the SEC Filings, neither the Company nor any of its Subsidiaries has incurred any Liabilities, contingent or otherwise, except those incurred in the ordinary course of business, consistent (as to amount and nature) with past practices since the date of such financial statements, none of which, individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect.

3.17 Insurance Coverage. The Company and each of its Subsidiaries maintains in full force and effect insurance coverage that is customary for comparably situated companies for the business being conducted and properties owned or leased by the Company and its Subsidiaries.

3.18 Compliance with Nasdaq Continued Listing Requirements. Except as disclosed in the SEC Filings, (a) the Company is in compliance with applicable NASDAQ Capital Market (the "NASDAQ") continued listing requirements, (b) there are no proceedings pending or, to the Company's Knowledge, threatened against the Company relating to the continued listing of the Company Common Stock on NASDAQ, and (c) the Company has not received any currently pending notice of the delisting of the Company Common Stock from NASDAQ.

3.19 Brokers and Finders. Except for fees and expenses of Roth Capital Partners, LLC and of the Company's legal counsel and independent auditors, no Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company or any of its Subsidiaries for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company.

3.20 Opinion of Financial Advisor. The Company has received the opinion of its financial advisor, Roth Capital Partners, LLC, as of the date of this Agreement, to the effect that subject to the limitations set forth in the opinion, as of such date, the per share consideration to be received by the shareholders of the Company (other than shareholders of the Company that are also shareholders of Parent (or holders of securities exercisable or convertible into Parent Common Shares)) pursuant to this Agreement is fair, from a financial point of view, to such holders.

3.21 Questionable Payments. Neither the Company nor any of its Subsidiaries nor, to the Company's Knowledge, any of their respective current or former shareholders, directors, officers, employees, agents or other Persons acting on behalf of the Company or any of its Subsidiaries, has on behalf of the Company or any of its Subsidiaries or in connection with their respective businesses: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of the Company or any of its Subsidiaries; or (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

3.22 Board Approval. The Board of Directors of the Company, by resolutions duly adopted by a vote at a meeting duly called and held of all directors of the Company present at the meeting (except for such directors as recused themselves from the vote due to an interest in the transaction) and, as of the date hereof, not subsequently rescinded or modified in any way, has, as of the date hereof (i) determined that this Agreement and the transactions contemplated hereby are fair to, and in the best interests of, the Company and the Company's shareholders, (ii) directed that the Merger be submitted to the Company's shareholders for approval, and (iii) resolved to recommend that the Company's shareholders approve the Merger pursuant to and in accordance with this Agreement and directed that such matter be submitted for consideration of the shareholders of the Company at the Company Shareholders' Meeting.

3.23 Proxy Statement. The Proxy Statement will comply in all material respects with the requirements of the Exchange Act and, on the date filed with the SEC, on the date first published, sent or given to the Company's shareholders and at the time of the Company Shareholders' Meeting, the Proxy Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by the Company with respect to any information provided in writing by or on behalf of the Parent for inclusion in the Proxy Statement.

3.24 Internal Controls. The Company is in material compliance with the provisions of the Sarbanes-Oxley Act of 2002 currently applicable to the Company. The Company and its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including its Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which the Company's most recently filed periodic report under the Exchange Act, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of December 31, 2013 (such date, the "Evaluation Date") and concluded that such controls and procedures are effective to ensure that material information relating to the Company, including its Subsidiaries, is made known to certifying officers in a timely, accurate and complete manner. Since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 308 of Regulation S-K) or, to the Company's Knowledge, in other factors that could significantly affect the Company's internal controls. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with GAAP and the applicable requirements of the Exchange Act.

3.25 Related Party Transactions. Except as disclosed in the SEC Filings, the Company has not, and, to the Knowledge of the Company, has not been deemed to have for purposes of any applicable Law, engaged in or been party to any transaction with any of its officers, directors, employees or direct or indirect shareholders or, to the Knowledge of the Company, any member of their immediate families (i) acquired or have the use of property for proceeds greater than the fair market value thereof, (ii) received services or have the use of property for consideration other than the fair market value thereof, or (iii) received interest or any other amount other than at a fair market value rate from any person with whom it does not deal at arm's length within the meaning of applicable taxation acts. Except as disclosed in the SEC Filings, the Company has not, and, to the Knowledge of the Company, has not been deemed to have for purposes of any applicable Law, engaged in or been party to any transaction with any of its officers, directors, employees or direct or indirect shareholders or, to the Knowledge of the Company, any member of their immediate families (i) disposed of the property for proceeds less than the fair market value thereof, (ii) performed services for consideration other than the fair market value thereof or (iii) paid interest or any other amount other than at a fair market value rate to any person with whom it does not deal at arm's length within the meaning of applicable acts. Except as disclosed in the SEC Filings, to the Knowledge of the Company, none of the officers, directors and employees of any the Company, no shareholder of the Company and no immediate family member of an officer, director, employee or such beneficial owner, has a direct ownership interest of more than five percent (5%) of the equity ownership of any firm or corporation that competes with, or does business with, or has any contractual arrangement with, the Company.

3.26 Investment Company. The Company is not required to be registered as, and is not an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3.27 Compliance with Laws. The Company and each of its Subsidiaries is in compliance in all material respects with all requirements imposed by Law, regulation or rule, whether foreign, federal, state or local, that are applicable to it, its operations, or its properties and assets, including applicable requirements of the Foreign Corrupt Practices Act of 1977 (FCPA) (15 U.S.C. § 78dd-1, et seq.).

3.28 No Other Representations or Warranties. Parent hereby acknowledges and agrees that neither the Company nor any of its Subsidiaries has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Article III.

ARTICLE IV
Representations and Warranties of Parent and Merger Sub

Subject to the exceptions set forth in a numbered or lettered section of the disclosure letter of Parent addressed to the Company, dated as of the date hereof and delivered to the Company with the parties' execution of this Agreement (the "Parent Disclosure Schedule") specifically referencing a representation or warranty herein, Parent represents and warrants to the Company that the statements contained in this Article IV (each of which exceptions and disclosures set forth in any section or subsection of the Parent Disclosure Schedule will apply to any other section or subsection of the Parent Disclosure Schedule to the extent the relevance to such other section or subsection is reasonably apparent from a reading of the text of such disclosure to a reader unfamiliar with the business of Parent and its Subsidiaries, taken as a whole) are true and correct on and as of the date hereof. For purposes of this Agreement, a document shall be deemed to have been "made available" by Parent to the Company if it is publicly available under the profile of Parent on the System for Electronic Document Analysis and Retrieval ("SEDAR").

4.1 Organization, Good Standing and Qualification. Parent is a corporation duly organized, validly existing and in good standing under the laws of the Province of Ontario. Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of California. Merger Sub has not engaged and will not engage in any activities *other than* in connection with or as contemplated by this Agreement and the transactions contemplated hereby. Parent and Merger Sub have the corporate power and authority, and all authorizations, licenses, permits and certifications, to own, lease and operate all of their properties and assets and to carry on their business as it is now being conducted, *except* where the failure to do so would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent.

4.2 Authorization. Each of Parent and Merger Sub has the corporate power and authority to enter into this Agreement and has taken all requisite action on its part, its officers, directors and shareholders necessary for (i) the authorization, execution and delivery of this Agreement, (ii) the authorization of the performance of all obligations of Parent and Merger Sub hereunder and (iii) the authorization, issuance and delivery of the Parent Common Shares. No approval from any security holders of Parent, including the holders of shares of Parent Common Shares, is necessary to authorize this Agreement or to consummate the transactions contemplated hereby. The Parent Common Shares issuable pursuant to this Agreement have been reserved for issuance by the Parent Board of Directors. This Agreement constitutes the legal, valid and binding obligations of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability, relating to or affecting creditors' rights generally and to general equitable principles.

4.3 Capitalization. The Parent has set forth on Schedule 4.3 a description of all duly and validly authorized capital stock. All of the issued and outstanding Parent Common Shares have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights, are not subject to any shareholders' agreement, and were issued in full compliance with applicable Law and any rights of third parties. Except as described in the Parent Filings, all of the issued and outstanding common shares of each Subsidiary of Parent have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights, are not subject to any shareholders' agreement, were issued in full compliance with applicable federal, state or provincial securities Laws and any rights of third parties and are owned by Parent, beneficially and of record, subject to no Lien. Except as described in the Parent Filings, no Person is entitled to pre-emptive or similar statutory or contractual rights with respect to any securities of Parent. Except as described in the Parent Filings, there are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which Parent or any of its Subsidiaries is or may be obligated to issue any equity securities of any kind and except as contemplated by this Agreement neither Parent nor any of its Subsidiaries is currently in negotiations for the issuance of any equity securities of any kind, except in connection with a bought deal offering of securities resulting in minimum proceeds of CDN$10,000,000 which shall be commenced on the date hereof pursuant to the commitment letter provided by Parent to the Company. Except as described in the Parent Filings, there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among Parent and any of the security holders of Parent relating to the securities of Parent held by them. Except as described in the Parent Filings, no Person has the right to require Parent to register any securities of Parent under the Securities Act or file any prospectus or qualify any securities of Parent for sale to the public under Canadian Securities Laws or any other provincial securities Laws, whether on a demand basis or in connection with any registration of securities of Parent or filing of a prospectus or qualification of any securities of Parent for sale to the public, for its own account or for the account of any other Person.

Except as described in the Parent Filings, the consummation of the Merger will not obligate Parent to issue shares of Parent Common Shares or other securities to any other Person and will not result in the adjustment of the exercise, conversion, exchange or reset price of any outstanding security.

Except as described in the Parent Filings, Parent does not have outstanding any Rights Plan.

4.4 Valid Issuance. Upon the issuance of the Parent Common Shares pursuant to this Agreement, the shares constituting such Parent Common Shares will be validly issued, fully paid and nonassessable, and shall be free and clear of all Liens (other than any Liens created by applicable Law or the holders of such Parent Common Shares).

4.5 Consents. The execution, delivery and performance by Parent of this Agreement and the consummation of the transactions contemplated hereby require no consent of, action by or in respect of, or filing with, any Governmental Entity, agency, or official *except for*:

(i) the registration statement on Form F-4 to be filed with the SEC by Parent in connection with the issuance of Parent Common Shares in the Merger (including any amendments or supplements, the "Form F-4");

(ii) the filing of a Form 5C – Transaction Summary Form with the TSXV and the conditional and final acceptance of the TSXV in respect of the transactions contemplated by this Agreement, and the approval for listing on the TSXV of the Parent Common Shares issuable pursuant to this Agreement and Parent Common Shares issuable to Cyrus Capital Partners, L.P. pursuant to Section 6.19;

(iii) the filing of a Supplemental Listing Application with the NASDAQ, if applicable, in connection with the Parent Share Issuance;

(iv) the filing with the SEC of such reports under Section 13(a), 13(d), 15(d) or 16(a) of the Exchange Act and communications under Rules 165 and 425 under the Securities Act, in each case, as may be required in connection with this Agreement and the transactions contemplated hereby;

(v) the filing of the California Merger Agreement with the CA Secretary of State and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business;

(vi) the filing of any Hart –Scott-Rodino Antitrust Improvement Act of 1976 (the "HSR Act") filing, if applicable; and (vii) filings, if any, required by state securities Laws or other "blue sky" laws.

Parent reported no net sales (as such term is defined in 16 C.F.R. § 801.11 and interpreted by the Premerger Notification Office) on its last regularly prepared annual statement of income and expense, and Buyer's total assets (as such term is defined in 16 C.F.R. § 801.11 and interpreted by the Premerger Notification Office) as stated on its last regularly prepared balance sheet are less than U.S. $15.2 million.

4.6 Delivery of Parent Filings; Business. Parent has timely filed all reports, registrations, schedules, forms, statements and other documents, together with any amendments required to be made with respect thereto, including all reports, schedules, registration statements or other documents that it was required to file since January 1, 2012 with the TSXV, OTCQX**,** the Ontario Securities Commission, the Alberta Securities Commission or the British Columbia Securities Commission (collectively, the "Canadian Securities Commissions"), or with other Governmental Authorities or pursuant to applicable federal, state or provincial securities Laws (the "Parent Filings"), and has paid all fees and assessments due and payable in connection therewith, *except* in each case where the failure to file such report, registration, schedule, form, statement or other document, or to pay such fees and assessments, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent. No publicly available final registration statement, prospectus, report, form, schedule, release or proxy material (including any financial statements or schedules included or incorporated by reference therein) filed since January 1, 2014 and prior to the close of business on the date hereof (the "Parent Measurement Date") by Parent with the Canadian Securities Commissions or pursuant to the applicable securities Laws of each of the provinces of Ontario, Alberta and British Columbia and the respective regulations and rules made thereunder , including the regulations and rules of the TSXV, together with all applicable published policy statements, notices, blanket orders and rulings and all discretionary orders or rulings, if any, of the Canadian Securities Commissions and the TSXV (collectively, "Canadian Securities Laws") (collectively, the "Parent Securities Documents"), as of their respective dates or, if amended or superseded prior to the date of this Agreement, as of the date of such amendment or applicable subsequent filing, contained a misrepresentation (as defined under Canadian Securities Laws). As of their respective filing dates, or if amended or superseded prior to the date of this Agreement, as of the date of the last such amendment or applicable subsequent filing, all Parent Securities Documents complied as to form in all material respects with the applicable requirements of Canadian Securities Laws. Parent and its Subsidiaries are engaged in all material respects only in the business described in the Parent Filings and the Parent Filings contain a complete and accurate description in all material respects of the business of Parent and its Subsidiaries, taken as a whole. Parent has not filed any confidential material change report with any Canadian Securities Commissions which as of the date hereof remains confidential.

4.7 Absence of Certain Changes. Between December 31, 2013 and the date of this Agreement, except as described in the Parent Filings, there has not been with respect to Parent, any:

(a) Material Adverse Change or any change, event, circumstance, condition or effect that would reasonably be expected to result in a Material Adverse Change;

(b) amendment or change in the Articles of Incorporation or in the Bylaws of Parent;

(c) incurrence, creation or assumption of (i) any Lien on any of its assets or properties (other than Permitted Liens) or (ii) any Liability as a guarantor or surety with respect to the obligations of any Person other than a Subsidiary of Parent;

(d) material damage, destruction or loss of any property or asset, whether or not covered by insurance;

(e) declaration, setting aside or payment of any dividend on, or the making of any other distribution in respect of, its securities;

(f) any material change with respect to its senior management or other key personnel;

(g) any actual or threatened material employee strikes, work stoppages, slowdowns or lockouts or, to the Knowledge of Parent, any labor union organization activity;

(h) making or entering into of any agreement with respect to any acquisition, sale or transfer of all or substantially all of the assets of Parent;

(i) any change in accounting methods or practices (including any change in depreciation or amortization policies or rates or revenue recognition policies) or any revaluation of any of its assets;

(j) commencement of any action, suit, arbitration, mediation, proceeding, claim or investigation, or receipt notice of or, to the Knowledge of Parent, a threat of any action, suit, arbitration, mediation, proceeding, claim or investigation against a Parent relating to any of its business, properties or assets;

(k) any negotiation with respect to, or any entry into, any agreement to do any of the things described in the preceding clauses (a) - (j) (other than negotiations and agreements with Parent and its representatives regarding the transactions contemplated by this Agreement).

4.8 No Conflict, Breach, Violation or Default. The execution, delivery and performance of this Agreement by Parent will not (a) conflict with or result in a breach or violation of (i) any of the terms and provisions of, or constitute a default under the Articles of Incorporation or the Bylaws of Parent, or (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over Parent, any of its Subsidiaries or any of their respective assets or properties, or (b) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of Parent or any of its Subsidiaries or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any material contract, except in the case of clauses (a)(i) and (b) above, such as could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.9 Tax Matters. Parent and each of its Subsidiaries have prepared and filed (or filed applicable extensions therefor) all Tax Returns required to have been filed by Parent or any such Subsidiary with all appropriate Governmental Authorities and paid all Taxes shown thereon or otherwise due for payment, other than any such Taxes which Parent or any Subsidiary are contesting in good faith and for which adequate reserves have been provided and reflected in Parent’s financial statements included in the Parent Filings. The charges, accruals and reserves on the books of Parent in respect of Taxes for all fiscal periods are adequate in all material respects, and there are no material unpaid assessments against Parent or any of its Subsidiaries nor, to Parent’s Knowledge, any basis for the assessment of any additional Taxes, penalties or interest for any fiscal period or audits by any federal, state, provincial, local or foreign taxing authority except for any assessment which is not material to Parent and its Subsidiaries, taken as a whole. All Taxes and other assessments and levies that Parent or any of its Subsidiaries is required to withhold or to collect for payment have been duly withheld and collected and paid to the proper Governmental Authority or third party when due, other than any such Taxes which Parent or any of its Subsidiaries are contesting in good faith and for which adequate reserves have been provided and reflected in Parent’s financial statements included in the Parent Filings. There are no Tax liens or claims pending or, to Parent’s Knowledge, threatened in writing against Parent or any of its Subsidiaries or any of their respective assets or property. Except as described in the Parent Filings, there are no outstanding Tax sharing agreements or other such arrangements between Parent and any of its Subsidiaries, on the one hand, and any other corporation or entity, on the other hand. Parent has not taken any other action or knows of any other fact relating to the Merger that would reasonably be expected to prevent the Merger from qualifying for the Intended Tax Treatment.

4.10 Title to Properties. Except as disclosed in the Parent Filings, Parent and each of its Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by it, in each case free from Liens that would materially affect the value thereof or materially interfere with the use made or currently planned to be made thereof by them; and except as disclosed in the Parent Filings, Parent and each of its Subsidiaries holds any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or currently planned to be made thereof by them. Such assets are sufficient for the continued operation of the business of Parent as currently conducted.

4.11 Certificates, Authorities and Permits. Parent and each of its Subsidiaries possess adequate certificates, authorities or permits issued by appropriate Governmental Authorities necessary to conduct the business now operated by it, except to the extent failure to possess such certificates, authorities or permits could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate, and neither Parent nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to Parent or such Subsidiary, could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.12 Labor Matters.

(a) Except as set forth in the Parent Filings, Parent is not a party to or bound by any collective bargaining agreements or other agreements with labor organizations. Parent has not violated in any material respect any Laws, regulations, orders or contract terms, affecting the collective bargaining rights of employees, labor organizations or any Laws, regulations or orders affecting employment discrimination, equal opportunity employment, or employees' health, safety, welfare, wages and hours.

(b) (i) There are no labor disputes existing, or to Parent's Knowledge, threatened, involving strikes, slow-downs, work stoppages, job actions, disputes, lockouts or any other disruptions of or by Parent's employees, (ii) there are no unfair labor practices or petitions for election pending or, to Parent's Knowledge, threatened before any other federal, state, provincial or local labor commission relating to Parent's employees, (iii) no demand for recognition or certification heretofore made by any labor organization or group of employees is pending with respect to Parent and (iv) to Parent's Knowledge, Parent enjoys good labor and employee relations with its employees and labor organizations.

(c) Parent is, and at all times has been, in compliance with all applicable Laws respecting employment (including Laws relating to classification of employees and independent contractors) and employment practices, terms and conditions of employment, wages and hours, and immigration and naturalization, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate. There are no claims pending against Parent before any federal, state, provincial or local Law, statute or ordinance barring discrimination in employment.

(d) To Parent's Knowledge, Parent has no liability for the improper classification by Parent of its employees as independent contractors or leased employees prior to the date of this Agreement.

4.13 Intellectual Property. Parent and its Subsidiaries own, or have obtained valid and enforceable licenses for, or other rights to use, the Intellectual Property necessary for the conduct of the business of Parent and its Subsidiaries as currently conducted and as described in the Parent Filings, except where the failure to own, license or have such rights could not reasonably be expected to result in a Material Adverse Effect, individually or in the aggregate. Except as described in the Parent Filings, (i) to Parent's Knowledge, there are no third parties who have or will be able to establish rights to any Intellectual Property, except for the ownership rights of the owners of the Intellectual Property which is licensed to Parent or where such rights could not reasonably be expected to result in a Material Adverse Effect, individually or in the aggregate; (ii) there is no pending or, to Parent's Knowledge, threat of any, action, suit, proceeding or claim by others challenging Parent or any of its Subsidiaries' rights in or to, or the validity, enforceability, or scope of, any Intellectual Property owned by or licensed to Parent or any of its Subsidiaries or claiming that the use of any Intellectual Property by Parent or any Subsidiary in their respective businesses as currently conducted infringes, violates or otherwise conflicts with the intellectual property rights of any third party; and (iii) to Parent's Knowledge, the use by Parent or any of its Subsidiaries of any Intellectual Property by Parent or any of its Subsidiaries in their respective businesses as currently conducted does not infringe, violate or otherwise conflict with the intellectual property rights of any third party.

4.14 Environmental Matters. To Parent's Knowledge, neither Parent nor any of its Subsidiaries is in violation of any Environmental Laws, owns or operates any real property contaminated with any substance that is subject to any Environmental Laws, is liable for any off-site disposal or contamination pursuant to any Environmental Laws, or is subject to any claim relating to any Environmental Laws, which violation, contamination, liability or claim has had or could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate; and there is no pending or, to Parent's Knowledge, threatened investigation that might lead to such a claim.

4.15 Litigation. There are no pending actions, suits or proceedings against or affecting Parent, any of its Subsidiaries or any of its or their properties; and to Parent's Knowledge, no such actions, suits or proceedings are threatened, except (i) as described in the Parent Filings or (ii) any such proceeding, which if resolved adversely to Parent or any of its Subsidiaries, could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate. Neither Parent nor any of its Subsidiaries, nor any director or officer thereof, is or since January 1, 2013 has been the subject of any action involving a claim of violation of or liability under Canadian Securities Laws or federal, state or provincial securities Laws or a claim of breach of fiduciary duty. There has not been, and to Parent's Knowledge, there is not pending or contemplated, any investigation by any Canadian Securities Commission or the SEC involving Parent or any current or former director or officer of Parent. No Canadian Securities Commission nor the SEC has issued any stop order or other order suspending the effectiveness of any prospectus or registration statement filed by Parent or any Subsidiary. Parent is a reporting issuer in the provinces of Ontario, Alberta and British Columbia and is not a reporting issuer in default under Canadian Securities Laws.

4.16 Financial Statements. The audited financial statements and unaudited interim financial statements of Parent included or incorporated by reference in the Parent Securities Documents, as of their respective dates, and giving effect to any amendments or supplements thereto filed prior to the date of this Agreement, comply as to form with the then applicable accounting requirements and applicable Canadian Securities Laws and the rules and regulations of the SEC (if applicable) with respect thereto, were prepared in accordance with IFRS applied on a consistent basis, and fairly present, in all material respects, the financial position of Parent as of the dates thereof and its results of operations, changes in shareholders' equity and cash flows for the periods then ended (subject, in the case of any unaudited interim financial statements, to normal year-end adjustments, none of which have been and are reasonably likely to be material to Parent). The financial statements of Parent included in each publicly available final registration statement, prospectus, report, form, schedule, release or proxy material to be filed with the SEC (if applicable) or the Canadian Securities Commissions pursuant to applicable Canadian Securities Laws or federal or state securities Laws after the date hereof until the Effective Time will comply, as of their respective dates of filing with the SEC (if applicable) or the Canadian Securities Commissions, as the case may be, in all material respects with accounting requirements and the published rules and regulations of the SEC (if applicable) or the Canadian Securities Commissions, as applicable with respect thereto, will be prepared in accordance with IFRS applied on a consistent basis during the periods involved (*except* as may be indicated in the notes thereto) and will fairly present the financial position of Parent as of the dates thereof and the results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments which are not, individually or in the aggregate, expected to be material). Except as reflected or reserved against in the balance sheet of Parent dated December 31, 2013 filed by Parent with the Canadian Securities Commission (including the notes thereto, the "Parent Balance Sheet"), Parent does not have any liabilities (absolute, accrued, contingent or otherwise) which are required by IFRS to be set forth on a balance sheet of Parent or in the notes thereto, *other than* liabilities and obligations incurred since December 31, 2013 in the ordinary course of business which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Parent.

4.17 Insurance Coverage. Parent and each of its Subsidiaries maintains in full force and effect insurance coverage that is customary for comparably situated companies for the business being conducted and properties owned or leased by Parent and its Subsidiaries.

4.18 Compliance with Continued Listing Requirements. Except as disclosed in the Parent Filings, (a) Parent is in compliance with applicable TSXV and OTCQX listing requirements, (b) there are no proceedings pending or, to Parent's Knowledge, threatened against Parent relating to the continued listing of shares of Parent Common Shares on TSXV or OTCQX, and (c) Parent has not received any currently pending notice of the delisting of Parent Common Shares from TSXV or OTCQX.

4.19 Brokers and Finders. Except for fees and expenses of Cormark Securities Inc. and of Parent's legal counsel and independent auditors, no Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon Parent or any of its Subsidiaries for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of Parent.

4.20 Opinion of Financial Advisor. Parent has received the opinion of its financial advisor, Cormark Securities Inc., as of the date of this Agreement, to the effect that subject to the limitations set forth in the opinion, as of such date, the Exchange Ratio is fair, from a financial point of view, to the holders of the Parent Common Shares.

4.21 Questionable Payments**.** Neither Parent nor any of its Subsidiaries nor, to Parent's Knowledge, any of their respective current or former shareholders, directors, officers, employees, agents or other Persons acting on behalf of Parent or any of its Subsidiaries, has on behalf of Parent or any of its Subsidiaries or in connection with their respective businesses: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of Parent or any of its Subsidiaries; or (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

4.22 Form F-4. The Form F-4 will comply in all material respects with the requirements of the Exchange Act and, on the date filed with the SEC, and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by Parent with respect to any information provided in writing by or on behalf of the Company for inclusion in the Form F-4.

4.23 Internal Controls. Parent has established and maintains disclosure controls and procedures (as such term is defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) to provide reasonable assurance that: (i) material information relating to Parent is made known to Parent's management, including its chief financial officer and chief executive officer, particularly during the periods in which Parent's interim filings and annual filings (as such terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) are being prepared; and (ii) information required to be disclosed by Parent in such annual or interim filings or other reports filed or submitted by it under Canadian Securities Laws, is recorded, processed, summarized and reported within the time periods specified in Canadian Securities Laws. Parent has established and maintains a system of internal control over financial reporting (as such term is defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. To the knowledge of Parent, none of Parent, any of its Subsidiaries or any director, officer, employee, auditor, accountant or other representative of Parent or any of its Subsidiaries has received or otherwise obtained knowledge of any complaint, allegation, assertion, or claim, whether written or oral, regarding accounting, internal accounting controls or auditing matters, including any complaint, allegation, assertion, or claim that Parent or any of its Subsidiaries has engaged in questionable accounting or auditing practices, or any expression of concern from its employees regarding questionable accounting or auditing matters.

4.24 Related Party Transactions. Except as disclosed in the Parent Filings, Parent has not, and, to the Knowledge of Parent, has not been deemed to have for purposes of any applicable Law, engaged in or been party to any transaction with any of its officers, directors, employees or direct or indirect shareholders or, to the Knowledge of Parent, any member of their immediate families (i) acquired or have the use of property for proceeds greater than the fair market value thereof, (ii) received services or have the use of property for consideration other than the fair market value thereof, or (iii) received interest or any other amount other than at a fair market value rate from any person with whom it does not deal at arm's length within the meaning of applicable taxation acts. Except as disclosed in the Parent Filings, Parent has not, and, to the Knowledge of Parent, has not been deemed to have for purposes of any applicable Law, engaged in or been party to any transaction with any of its officers, directors, employees or direct or indirect shareholders or, to the Knowledge of Parent, any member of their immediate families (i) disposed of the property for proceeds less than the fair market value thereof, (ii) performed services for consideration other than the fair market value thereof or (iii) paid interest or any other amount other than at a fair market value rate to any person with whom it does not deal at arm's length within the meaning of applicable acts. Except as disclosed in the Parent Filings, to the Knowledge of Parent, none of the officers, directors and employees of Parent, no shareholder of Parent and no immediate family member of an officer, director, employee or such beneficial owner, has a direct ownership interest of more than ten percent (10%) of the equity ownership of any firm or corporation that competes with, or does business with, or has any contractual arrangement with, Parent.

4.25 Investment Company. Parent is not required to be registered as, and is not an Affiliate of, and immediately following the Closing will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.26 Compliance with Laws. Parent and each of its Subsidiaries is in compliance in all material respects with all requirements imposed by Law, regulation or rule, whether foreign, federal, state, provincial or local, that are applicable to it, its operations, or its properties and assets, including applicable requirements of the *Corruption of Foreign Public Officials Act* (Canada).

4.27 No Other Representations or Warranties. The Company hereby acknowledges and agrees that neither Parent nor any of its Subsidiaries has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Article IV.

ARTICLE V
Covenants Relating to Conduct of Business

5.1 Conduct of Business of the Company.

(a) Ordinary Course. Except as otherwise expressly required by, or provided for, in this Agreement, as set forth in Schedule 5.1(a) of the Company Disclosure Schedule or as consented to by Parent in writing, during the period from the date of this Agreement to the Effective Time, the Company shall and shall cause its Subsidiaries to:

(i) carry on its business in the ordinary course of its business consistent with past practice in accordance with applicable Laws and maintain its existence in good standing under applicable Law.

(ii) (A) use commercially reasonable efforts to preserve its business organization and goodwill, keep available the services of its officers, employees and consultants and maintain reasonably satisfactory relationships with vendors, customers and others having business relationships with it, and (B) unless prohibited by Law, notify Parent of any Governmental Authority or third party complaint, investigations or hearings (or communications indicating that the same may be contemplated) if such complaint, investigation or hearing would have a Material Adverse Effect on the Company or Parent.

(b) Required Consent. Except as otherwise expressly approved in writing by Parent, as expressly contemplated or specifically permitted by this Agreement or as set forth in Schedule 5.1(b) of the Company Disclosure Schedule, and without limiting the generality of the foregoing, from the date hereof until the Effective Time or the date, if any, on which this Agreement is terminated:

(i) The Company and its Subsidiaries shall not adopt any change in the Company Organizational Documents;

(ii) The Company and its Subsidiaries shall not acquire or agree to acquire or lease (i) by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof or (ii) any assets *other than* assets that are used in the ordinary course of business consistent with past practice;

(iii) The Company and its Subsidiaries shall not sell, lease, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any material properties or assets, or stock or other ownership interests in any of its properties other than (i) in the ordinary course of business substantially consistent with past practice, (ii) any Permitted Liens and (iii) the Company shall be entitled to sell, transfer or otherwise dispose of the Parent Common Shares held by the Company as of the date of this Agreement either (A) in such manner and in such forms as shall be mutually agreed by Parent and the Company (with Parent's agreement not to be unreasonably withheld) regarding the manner and form of any such sale or (B) if the parties have not mutually agreed upon a proposed transaction in accordance with clause (A) above, Company may on any given trading day, sell in open market sales, which sales in the aggregate on any given day shall not exceed 10% of the average daily trading volume of the Parent Common Shares on the TSXV for the 30 trading days ending on the trading day immediately preceding such date (and the Company shall not solicit any such sale, transfer or other disposition that is not an open market sale other than through, and shall direct any unsolicited offers to purchase Parent Common Shares to, either Cormark Securities or Jacobs Securities, unless otherwise agreed by Parent in writing);

(iv) The Company and its Subsidiaries shall not declare, set aside, or pay any dividends or make any distributions on shares of its capital stock;

(v) Except for issuances consistent with this Agreement, the Company and its Subsidiaries shall not (i) issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any capital stock of the Company or its Subsidiaries, or any security convertible into or exercisable for either of the foregoing, *other than* the issuance of shares upon the exercise or vesting and delivery of Company Options, Company SARs, Company Warrants or Company RSUs that have been granted prior to the date of this Agreement, (ii) split, combine or reclassify any capital stock of the Company or its Subsidiaries or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of capital stock of the Company or its Subsidiaries or (iii) repurchase, redeem or otherwise acquire any shares of capital stock of the Company or its Subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

(vi) The Company and its Subsidiaries shall not enter into any contract or agreement that limits or otherwise restrains the Company or its Subsidiaries from competing in or conducting any line of business or engaging in business in any significant geographic area;

(vii) Other than as approved by the Parent, the Company and its Subsidiaries shall not (i) incur any indebtedness for borrowed money or guarantee any indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or its Subsidiaries, enter into any "*keep well*" or other agreement to maintain any financial condition of another Person, *except for* borrowings under its existing line of credit or under its other existing debt arrangements for working capital purposes, indebtedness under any material contract, and, for the avoidance of doubt, trade, revolving corporate card accounts and other similar credit in the ordinary course of business, or (ii) make any loans, advances or capital contributions to, or investments in, any other Person in which the Company or its Subsidiaries does not hold directly or indirectly all of the outstanding equity interests;

(viii) Except as set forth in the Company Disclosure Schedule and except as may be required by applicable Law or existing contractual obligations, the Company and its Subsidiaries shall not (i) materially increase the compensation payable or to become payable to any of its officers, directors or employees (*except*, with respect to non-executive officer employees, annual merit increases in the ordinary course of business) (ii) grant any severance or termination pay to any officers or directors, (iii) enter into or materially modify or amend any employment, severance or consulting agreement with any of its shareholders or any of its directors or officers or (iv) establish, adopt, enter into or amend in any material respect, any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any of its directors or officers;

(ix) except as may be required as a result of a change in applicable Law or in GAAP or a change in order to comply with SEC requirements, the Company or its Subsidiaries shall not change in any material respect any of its accounting or Tax accounting policies or its procedures;

(x) Company and its Subsidiaries shall use its commercially reasonable efforts to ensure that it keeps in force its material insurance policies (or substantial equivalents thereof);

(xi) The Company and its Subsidiaries shall not adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

(xii) The Company and its Subsidiaries shall not engage in any transaction with, or enter into any agreement, arrangement, or understanding with, directly or indirectly, any of its affiliates, including any transactions, agreements, arrangements or understandings with any affiliate or other Person covered under Item 404 of Regulation S-K under the Securities Act, that would be required to be disclosed under Item 404;

(xiii) The Company and its Subsidiaries shall not effectuate a "*plant closing*" or "*mass layoff*," as those terms are defined in the Worker Adjustment and Retraining Notification Act of 1988, affecting in whole or in part any site of employment, facility, operating unit or employee of the Company;

(xiv) The Company and its Subsidiaries shall use commercially reasonable efforts not to take any action that would prevent or impede the Merger from qualifying as a reorganization under Section 368(a) of the Code;

(xv) The Company and its Subsidiaries shall not agree or commit to do any of the foregoing; and

(xvi) The Company and its Subsidiaries shall not take any action that would result in the breach of any representation and warranty of the Company hereunder (*except for* representations and warranties made as of a specific date) such that Parent would have the right to terminate this Agreement, or that could be reasonably expected to prevent or delay the Closing or the consummation of the transactions contemplated by this Agreement.

Nothing contained in this Agreement shall give Parent, directly or indirectly, rights to control or direct the Company's operations prior to the Effective Time.

5.2 Conduct of Business of Parent.

(a) Ordinary Course. Except as otherwise expressly required by, or provided for, in this Agreement, as set forth in Schedule 5.2(a) of the Parent Disclosure Schedule or as consented to by the Company in writing, during the period from the date of this Agreement to the Effective Time, Parent shall and shall cause its Subsidiaries to:

(i) carry on its business in the ordinary course of its business consistent with past practice in accordance with applicable Laws and maintain its existence in good standing under applicable Law.

(ii) (A) use commercially reasonable efforts to preserve its business organization and goodwill, keep available the services of its officers, employees and consultants and maintain reasonably satisfactory relationships with vendors, customers and others having business relationships with it, and (B) unless prohibited by Law, notify the Company of any Governmental Authority or third party complaint, investigations or hearings (or communications indicating that the same may be contemplated) if such complaint, investigation or hearing would have a Material Adverse Effect on the Company or Parent.

(b) Required Consent. Except as otherwise expressly approved in writing by the Company, as expressly contemplated or specifically permitted by this Agreement or as set forth in Schedule 5.2(b) of the Company Disclosure Schedule, and without limiting the generality of the foregoing, from the date hereof until the Effective Time or the date, if any, on which this Agreement is terminated:

(i) Parent and its Subsidiaries shall not adopt any change in its Articles of Incorporation or Bylaws;

(ii) Parent and its Subsidiaries shall not acquire or agree to acquire or lease (i) by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof or (ii) any assets *other than* assets that are used in the ordinary course of business consistent with past practice;

(iii) Parent shall not sell, lease, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any material properties or assets, or stock or other ownership interests in any of its properties *other than* (i) in the ordinary course of business substantially consistent with past practice, and (ii) any Permitted Liens;

(iv) Parent shall not declare, set aside, or pay any dividends or make any distributions on its securities;

(v) Parent and its Subsidiaries shall not (i) issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any equity securities of Parent or its Subsidiaries, or any security convertible into or exercisable for either of the foregoing, *other than* the issuance of shares upon the exercise or vesting and delivery of options or warrants of the Parent that have been granted prior to the date of this Agreement, (ii) split, combine or reclassify any equity securities of Parent or its Subsidiaries or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for equity securities of Parent or its Subsidiaries or (iii) repurchase, redeem or otherwise acquire any equity securities of Parent or its Subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities, or (iv) grant of options under a stock option plan of the Parent in the ordinary course of business, or (v) exercise of outstanding warrants or convertible debt, (including for greater certainty, the convertible debentures issued by the Company to Cyrus Capital L.P. and/or its affiliates (collectively, "Cyrus") on March 21, 2014), (vi) issue securities under the supply agreement dated July 12, 2013 between the Company and the Parent; (vii) issue securities pursuant to the acquisition of V3 Systems Inc. and transactions related thereto, (viii) issue securities pursuant to the acquisition of the Company and transactions related thereto as more particularly set forth in this Agreement including, for greater certainty, in connection with issuance of or assumption of the convertible debentures issued by the Company to Cyrus.

(vi) Parent and its Subsidiaries shall not enter into any contract or agreement that limits or otherwise restrains Parent or its Subsidiaries from competing in or conducting any line of business or engaging in business in any significant geographic area;

(vii) Other than as approved by the Company, Parent and its Subsidiaries shall not (i) incur any indebtedness for borrowed money or guarantee any indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of Parent or its Subsidiaries, enter into any "*keep well*" or other agreement to maintain any financial condition of another Person, *except for* borrowings under its existing line of credit for working capital purposes or under its other existing debt arrangements, indebtedness under any material contract, and, for the avoidance of doubt, trade, revolving corporate card accounts and other similar credit in the ordinary course of business, or (ii) make any loans, advances or capital contributions to, or investments in, any other Person in which Parent or its Subsidiaries does not hold directly or indirectly all of the outstanding equity interests,;

(viii) Except as set forth in the Parent Disclosure Schedule and except as may be required by applicable Law or existing contractual obligations, Parent and its Subsidiaries shall not (i) materially increase the compensation payable or to become payable to any of its officers, directors or employees (*except*, with respect to non-executive officer employees, annual merit increases in the ordinary course of business) (ii) grant any severance or termination pay to any officers or directors, (iii) enter into, modify or amend any employment, severance or consulting agreement with any of its shareholders or any of its directors or officers or (iv) establish, adopt, enter into or amend in any material respect, any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any of its directors or officers;

(ix) except as may be required as a result of a change in applicable Law or in IFRS or a change in order to comply with applicable requirements of the SEC or of Canadian Securities Commissions, Parent or its Subsidiaries shall not change in any material respect any of its accounting or Tax accounting policies or its procedures;

(x) Parent and its Subsidiaries shall use its commercially reasonable efforts to ensure that they keep in force its material insurance policies (or substantial equivalents thereof);

(xi) Parent and its Subsidiaries shall not adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

(xii) Parent and its Subsidiaries shall not engage in any transaction with, or enter into any agreement, arrangement, or understanding with, directly or indirectly, any of its affiliates, including any transactions, agreements, arrangements or understandings with any Affiliate or other Person that would not be at arm's length within the meaning of the *Income Tax Act* (Canada);

(xiii) Parent and its Subsidiaries shall use commercially reasonable efforts not to take any action that would prevent or impede the Merger from qualifying as a reorganization under Section 368(a) of the Code;

(xiv) Parent and its Subsidiaries shall not agree or commit to do any of the foregoing; and

(xv) Parent and its Subsidiaries shall not take any action that would result in the breach of any representation and warranty of the Company hereunder (*except for* representations and warranties made as of a specific date) such that the Company would have the right to terminate this Agreement, or that could be reasonably expected to prevent or delay the Closing or the consummation of the transactions contemplated by this Agreement.

Nothing contained in this Agreement shall give Company the right, directly or indirectly, to control or direct the Parent's operations prior to the Effective Time.

5.3 No Solicitation.

(a) The following terms will have the definitions set forth below:

(i) An "Alternative Transaction" shall mean any of the following transactions: (i) any transaction or series of related transactions with one or more third Persons involving: (A) any purchase from the Company or acquisition by any Person or "*group*" (as defined under Section 13(d) of the Exchange Act and the rules and regulations thereunder) of more than a 25% interest in the total outstanding voting securities of the Company or any tender offer or exchange offer that if consummated would result in any Person or group beneficially owning 25% or more of the total outstanding voting securities of the Company or any merger, consolidation or business combination involving the Company as a whole, or (B) any sale, lease, exchange, transfer, license, acquisition or disposition of more than 25% of the assets of the Company (including equity securities of any Subsidiary of such party) on a consolidated basis, or (ii) any liquidation or dissolution of such party;

(ii) An "Alternative Transaction Proposal" shall mean any unsolicited, bona fide offer or proposal relating to an Alternative Transaction not resulting from a breach of this Section 5.3;

(iii) A "Superior Proposal" means a written Alternative Transaction Proposal made by a third Person (*except* that references to 25% in clauses (i)(A) and (i)(B) of the definition of Alternative Transaction shall be deemed to be references to 50%), which the Board of Directors of the Company has in good faith determined (taking into account, among other things, (1) the advice of its outside legal counsel, and (2) the terms of such Alternative Transaction Proposal and this Agreement, to be more favorable to the Company's shareholders (in their capacities as shareholders) than the terms of this Agreement (as it may be proposed to be amended by Parent), and to be reasonably capable of being consummated on the terms proposed, taking into account, all other legal, financial, regulatory and other aspects of such Alternative Transaction Proposal and the Person making such Alternative Transaction Proposal including, if such Alternative Transaction Proposal involves any financing, the likelihood of obtaining such financing and the terms on which such financing may be secured.

(b) Except as specifically permitted by Section 5.3(c) or 5.3(d), the Company shall not, nor shall it authorize or permit any of its officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by it or any of its Subsidiaries to, directly, or indirectly, (i) solicit, initiate or intentionally encourage (including by way of furnishing any information), or take any other action intended to facilitate, induce or encourage any inquiries with respect to, or the making, submission or announcement of, any Alternative Transaction, (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, any, or any possible, Alternative Transaction (*except* to disclose the existence of the provisions of this Section 5.3), (iii) approve, endorse or recommend any Alternative Transaction (*except* to the extent specifically permitted pursuant to Section 5.4), or (iv) prior to termination, if any, of this Agreement pursuant to Section 8.1, enter into any letter of intent or similar document or any contract, agreement or commitment contemplating or otherwise relating to any possible or proposed Alternative Transaction. The Company will immediately cease, and will cause its officers, directors and employees and any investment banker, financial adviser, attorney, accountant or other representative retained by it to cease, any and all existing activities, discussions or negotiations with any third Persons conducted heretofore with respect to any possible or proposed Alternative Transaction, and will use its reasonable best efforts to enforce (and not waive any provisions of) any confidentiality and standstill agreement (or any similar agreement) relating to any such possible or proposed Alternative Transaction.

(c) As promptly as practicable (and in any event within 48 hours) after receipt of any Alternative Transaction Proposal or any request for nonpublic information or any inquiry relating to any Alternative Transaction, the Company shall provide Parent with oral and written notice of the terms and conditions of such Alternative Transaction Proposal, request or inquiry, and the identity of the Person or group making any such Alternative Transaction Proposal, request or inquiry. In addition, the Company shall provide Parent as promptly as practicable (and in any event within 48 hours) with oral and written notice setting forth all such information as is reasonably necessary to keep Parent informed of all material regarding the status and terms (including amendments or proposed amendments) of, any such Alternative Transaction Proposal, request or inquiry, and, without limitation of the other provisions of this Section 5.3, shall promptly provide Parent a copy of all written materials (including written materials provided by e-mail or otherwise in electronic format) subsequently provided by or to it in connection with such Alternative Transaction Proposal, request or inquiry. The Company shall provide Parents with 24 hours' prior notice (or such lesser prior notice as is provided to the members of its Board of Directors) or any meeting of its Board of Directors at which is Board of Directors is reasonably likely to consider any Alternative Transaction Proposal or Alternative Transaction.

(d) Notwithstanding anything to the contrary contained in Section 5.3(b), in the event that the Company receives an Alternative Transaction Proposal which is determined by its Board of Directors to be, or to be reasonably likely to lead to, a Superior Proposal, it may then take the following actions (but only (1) if and to the extent that (x) its Board of Directors concludes in good faith, after receipt of advice of its outside legal counsel, that the failure to do so is reasonably likely to result in a breach of its fiduciary obligations to its shareholders under applicable Law and (y) the Company has given Parent at least three Business Days' prior written notice of its intention to take any of the following actions and of the identity of the Person or group making such Superior Proposal and the terms and conditions of such Superior Proposal and (2) if it shall not have breached in any material respect any of the provisions of this Section 5.4 or Section 5.5):

(i) furnish nonpublic information to the Person or group making such Superior Proposal, *provided that* (A) prior to furnishing any such nonpublic information, it receives from such Person or group an executed confidentiality agreement containing customary terms (the "CA"); and (B) contemporaneously with furnishing any such nonpublic information to such person or group, it furnishes such nonpublic information to Parent (to the extent such nonpublic information has not been previously furnished to Parent); and

(ii) engage in negotiations with such Person or group with respect to such Superior Proposal; provided, however, in no event shall such party enter into any definitive agreement to effect such Superior Proposal.

5.4 Board of Directors Recommendation.

(a) In response to (i) the receipt of an Alternative Transaction Proposal which is determined by the Board of Directors of the Company to be a Superior Proposal or (ii) any material event, development, circumstance, occurrence or change in circumstances or facts (including any material change in probability or magnitude of circumstances), not related to an Alternative Transaction Proposal, and that first occurred following the execution of this Agreement that was neither known to nor reasonably foreseeable by the Company as of or prior to the date hereof, that materially improves the financial condition or results of operations of the Company (excluding the fact that the Company meets or exceeds any internal or published projections, forecasts or estimates of its revenue, earnings or other financial performance or results of operations for any period ending on or after the date hereof, or changes after the date of this Agreement in the market price or trading volume of the Company Common Stock or any credit rating of the Company) (an "Intervening Event"), such Board of Directors may, after fully complying with Section 5.4(b) (A) withhold, withdraw or qualify (or amend or modify in a manner adverse to Parent) or publicly propose to withhold, withdraw or qualify (or amend or modify in a manner adverse to Parent), the approval, recommendation or declaration of advisability by such Board of Directors or any committee thereof of this Agreement, the Merger or the other transactions contemplated by this Agreement, or (B) recommend, adopt or approve, or publicly propose to recommend, adopt or approve, any Superior Proposal (any of the foregoing actions, whether by a Board of Directors or a committee thereof, a "Change of Recommendation"), if the Board of Directors of the Company has concluded in good faith, after receipt of advice of its outside legal counsel, that, in light of such Superior Proposal or Intervening Event, as applicable, the failure of the Board of Directors to effect a Change of Recommendation is reasonably likely to result in a breach of its fiduciary obligations to the shareholders of the Company under applicable Law.

(b) Prior to announcing any Change of Recommendation pursuant to Section 5.4(a), the Company shall, to the extent applicable, (A) provide to Parent three Business Days' prior written notice which shall (x) state expressly that it intends to effect a Change of Recommendation, and (y) in connection with a Change of Recommendation resulting from receipt of a Superior Proposal, describe any modifications to the terms and conditions of the Superior Proposal and the identity of the Person or group making the Superior Proposal from the description of such terms and conditions and such Person contained in the notice required under Section 5.3(d), or in the case of an Intervening Event written information describing the Intervening Event in reasonable detail and shall keep Parent reasonably informed of material events with respect to such Intervening Event, (B) make available to Parent all materials and information made available to the Person or group making the Superior Proposal in connection with such Superior Proposal or the materials provided to the Board of Directors in connection with its evaluation of an Intervening Event and (C) during the three Business Day period commencing upon receipt of the notice described in Section 5.4(b)(A), if requested by Parent, engage in good faith negotiations to amend this Agreement in such a manner that (i) the Alternative Transaction Proposal which was determined to be a Superior Proposal no longer is a Superior Proposal, and if there is any material revision to the terms of the Alternative Transaction Proposal which was determined to be a Superior Proposal, including, any revision in price, the notice period shall be extended, if applicable, to provide for an additional three Business Day period subsequent to the time the Company notifies Parent of any such material revision (it being understood that there may be multiple extensions) or (ii) the failure of the Board of Directors to effect a Change in Recommendation in response to an Intervening Event would no longer be reasonably likely to result in a breach of its fiduciary obligations to the shareholders of the Company under applicable Law.

(c) If the Board of Directors of the Company has effected a Change of Recommendation, the Company, as applicable, shall promptly notify Parent in writing of such Change in Recommendation, including the specific subparagraph, but not more than one subparagraph, of Section 5.4 in reliance upon which such Change in Recommendation is made. If Parent thereafter terminates this Agreement in accordance with Section 8.1 based upon such notice, then the termination effects with respect to the specific subparagraph identified in such notice that are set forth in Section 8.3 shall apply.

5.5 Company Shareholders' Meeting. Notwithstanding anything to the contrary contained in this Agreement, unless this Agreement shall have been terminated pursuant to Section 8.1, the obligation of the Company to call, give notice of, convene and hold the Company Shareholders' Meeting shall not be limited or otherwise affected by the commencement, disclosure, announcement or submission to it of any Alternative Transaction Proposal with respect to it, or by any Change of Recommendation. At any such meeting, the Company shall not submit to the vote of its respective shareholders any Alternative Transaction, whether or not a Superior Proposal has been received by it.

ARTICLE VI
Additional Agreements

6.1 Preparation of SEC Documents; Shareholders' Meeting.

(a) As soon as practicable following the date of this Agreement, the Company and Parent shall agree upon the terms of, prepare and file with the SEC a proxy statement, in substance and form compliant with the requirements of the Exchange Act to be sent to the shareholders of the Company relating to the Company Shareholders' Meeting (together with any amendments or supplements thereto, the "Proxy Statement"), and Parent shall prepare and file with the SEC the Form F-4, in which the Proxy Statement will be included as a prospectus. Each of the Company and Parent shall use commercially reasonable efforts to have the Form F-4 declared effective under the Securities Act as promptly as practicable after such filing. The Company will use commercially reasonable efforts to cause the Proxy Statement to be mailed to the Company's shareholders as promptly as practicable after the Form F-4 is declared effective under the Securities Act. Parent shall also take any action (*other than* qualifying to do business in any jurisdiction in which it is not now so qualified or to file a general consent to service of process) reasonably required to be taken under any applicable state securities Laws in connection with the Parent Share Issuance and, and the Company shall furnish all information concerning the Company and the holders of the Company Common Stock as may be reasonably requested in connection with any such action. Each party shall cooperate and provide the other party with a reasonable opportunity to review and comment on any amendment or supplement to the Form F-4 or the Proxy Statement or any filing with the SEC incorporated by reference in the Form F-4 or the Proxy Statement, in each case prior to filing such with the SEC, *except* where doing so would cause the filing to not be filed timely, without regard to any extension pursuant to Rule 12b-25 of the Exchange Act; *provided*, *however*, that each party shall be deemed to have consented to the inclusion in the Form F-4, the Proxy Statement or any filing with the SEC incorporated by reference in the Form F-4 or the Proxy Statement of any information, language or content specifically agreed to by such party or its counsel on or prior to the date hereof for inclusion therein. Parent will advise the Company promptly after it receives notice of (i) the time when the Form F-4 has become effective or any supplement or amendment has been filed, (ii) the issuance or threat of any stop order, (iii) the suspension of the qualification of the Parent Common Share issuable in connection with this Agreement for offering or sale in any jurisdiction, or (iv) any request by the SEC for amendment of the Proxy Statement or the Form F-4 or comments thereon and responses thereto or requests by the SEC for additional information (and shall deliver a copy of such comments and requests to the Company). Parent will advise the Company promptly after it receives notice of the issuance by any Canadian Securities Commission, any other securities regulatory authority, the TSXV, OTCQX or by any other competent authority of any order to cease or suspend trading of any securities of Parent or of the institution or threat of institution of any proceedings for that purpose. If at any time prior to the Effective Time any information (including any Change of Recommendation) relating to the Company or Parent, or any of their respective affiliates, officers or directors, should be discovered by the Company or Parent which should be set forth in an amendment or supplement to either of the Form F-4 or the Proxy Statement, so that any of such documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party which discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement, including, where appropriate, a filing pursuant to Rules 165 and 425 of the Securities Act, describing

such information shall promptly be filed with the SEC and, to the extent required by law, disseminated to the shareholders of the Company or Parent.

(b) The Company shall, as promptly as practicable after receiving notice from Parent that the Form F-4 has been declared effective under the Securities Act, take all action necessary in accordance with applicable Law and the Company Organizational Documents duly to give notice of, convene and hold a meeting of its shareholders to be held as promptly as practicable to consider the approval of this Agreement and the Merger (the "Company Shareholders' Meeting"). Except in the case of a Change of Recommendation in accordance with Section 5.4, the Company will use commercially reasonable efforts to solicit from its shareholders proxies in favor of the approval of this Agreement and the Merger and will take all other action reasonably necessary or advisable to secure the vote of its shareholders required by the rules of the NASDAQ or applicable Law to obtain such approvals. Notwithstanding anything to the contrary contained in this Agreement, the Company may adjourn or postpone the Company Shareholders' Meeting to the extent necessary to ensure that any necessary supplement or amendment to the Proxy Statement is provided to its shareholders in advance of a vote on the approval of this Agreement and the Merger, or, if, as of the time for which the Company Shareholders' Meeting, is originally scheduled, there are insufficient shares of Company Common Stock, as the case may be, represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting. The Company shall use commercially reasonable efforts such that the Company Shareholders' Meeting is called, noticed, convened, held and conducted, and that all proxies solicited in connection with the Company Shareholders' Meeting are solicited in compliance with applicable Law, the rules of the NASDAQ and the Company Organizational Documents. Notwithstanding anything contained herein to the contrary, the Company shall not be required to hold the Company Shareholders' Meeting if this Agreement is terminated before the meeting is held.

(c) Except to the extent expressly permitted by Section 5.4: (i) the Board of Directors of the Company shall recommend that its shareholders vote in favor of the approval of this Agreement and the Merger at the Company Shareholders' Meeting, (ii) the Proxy Statement shall include a statement to the effect that the Board of Directors of the Company has recommended that the Company's shareholders vote in favor of approval of this Agreement and the Merger at the Company Shareholders' Meeting, and (iii) neither the Board of Directors of the Company nor any committee thereof shall withdraw, amend or modify, or propose or resolve to withdraw, amend or modify in a manner adverse to Parent, its recommendation that the shareholders of the Company vote in favor of the approval of this Agreement and the Merger.

6.2 Access to Information; Confidentiality.

(a) Subject to any confidentiality agreement which may be entered into by Parent and the Company, and applicable Law, from the date of this Agreement through the Closing Date, Parent and the Company will afford to the Company and Parent, as applicable, and their respective authorized representatives reasonable access at all reasonable times and upon reasonable notice to the facilities, offices, properties, technology, processes, books, business and financial records, officers, employees, business plans, budget and projections, customers, suppliers and other information of the Company, and the work papers of its independent accountants, and otherwise provide such assistance as may be reasonably requested by such party in order that the other party has a reasonable opportunity to make such investigation and evaluation as it reasonably desires to make of the business and affairs of the other party.

(b) Each of Parent and the Company will hold, and will cause its respective officers, directors, employees, accountants, counsel, financial advisors and other representatives and affiliates to hold, any nonpublic information received from the other in confidence in accordance with the terms of any confidentiality agreement which may be entered into by Parent and the Company.

6.3 Commercially Reasonable Efforts.

(a) Upon the terms and subject to the conditions set forth in this Agreement but subject to Section 5.4, each of the parties agrees to use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by this Agreement, including commercially reasonable efforts to accomplish the following: (i) the taking of all acts necessary to cause the conditions to the Closing to be satisfied (but in no event shall a party be required to waive any such condition) as promptly as practicable; (ii) the obtaining of all necessary actions or nonactions, waivers, consents, clearances and approvals from Governmental Authorities and the making of all necessary registrations and filings, and the taking of all steps as may be necessary to obtain an approval, clearance or waiver from, or to avoid an action or proceeding by, any Governmental Authority, including under the HSR Act, or any foreign competition laws, in each case to the extent determined to be applicable to the Merger and the parties hereto, (iii) the obtaining of all necessary consents, approvals or waivers from third parties, (iv) taking all steps as may be necessary to obtain all such waiting period expirations or terminations, consents, clearances, waivers, licenses, registrations, permits, authorizations, orders and approvals.

(b) Subject to applicable Laws relating to the exchange of information, each of the Company and Parent shall keep the other reasonably apprised of the status of matters relating to the completion of the transactions contemplated hereby and work cooperatively in connection with obtaining all required approvals, consents or clearances of any Governmental Authority.

(c) In connection with and without limiting the foregoing, the Company and Parent shall (i) take all action necessary to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to this Agreement or any of the transactions contemplated hereby and (ii) if any state takeover statute or similar statute or regulation becomes applicable to this Agreement or any of the transactions contemplated hereby, take all action necessary to ensure that such transactions may be consummated as promptly as practicable on the terms required by, or provided for, in this Agreement and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by this Agreement.

6.4 Indemnification and Insurance.

From and after the Effective Time, Parent shall, and shall cause the Surviving Corporation to, indemnify, defend and hold harmless, and shall itself indemnify, defend and hold harmless as if it were the Surviving Corporation, in each case, to the fullest extent permitted by applicable Law, the present and former officers, directors and agents (each an "Indemnified Party") of the Company against all losses, claims, damages, fines, penalties and liability in respect of acts or omissions occurring at or prior to the Effective Time (including acts or omissions occurring in connection with this Agreement and the transactions contemplated hereby) including amounts paid in settlement or compromise with the approval of Parent (which approval shall not be unreasonably withheld or delayed). Parent and Merger Sub agree that all rights to exculpation and indemnification for acts or omissions occurring prior to the Effective Time now existing in favor of the Indemnified Parties, as provided in the CCC and the certificate of incorporation and bylaws of the Surviving Corporation will contain provisions with respect to exculpation, indemnification and the advancement of expenses that are at least as favorable to the Indemnified Parties as those contained in the Company Organizational Documents as in effect on the date hereof, which provisions will not, *except* as required by Law, be amended or modified until expiration of the applicable statute of limitations in any manner that would adversely affect the rights thereunder of the Indemnified Parties. Without limiting the generality of the preceding sentence, in the event that any Indemnified Party becomes involved in any actual or threatened action, suit, claim, proceeding or investigation covered by this Section 6.4 after the Effective Time, Parent shall, or shall cause the Surviving Corporation to, to the fullest extent permitted by law, promptly advance to such Indemnified Party his or her legal or other expenses (including the cost of any investigation and preparation incurred in connection therewith), subject to the providing by such Indemnified Party of an undertaking to reimburse all amounts so advanced in the event of a non-appealable determination of a court of competent jurisdiction that such Indemnified Party is not entitled thereto. For at least six years after the Effective Time, Parent will cause the Surviving Corporation to, and Surviving Corporation will, without any lapse in coverage, provide officers' and directors' liability insurance in respect of acts or omissions occurring prior to the Effective Time covering each such Person currently covered by the Company's officers' and directors' liability insurance policy on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date hereof; *provided*, that, the Surviving Corporation shall not be obligated to expend annual premiums during such period in excess of 200% of the per annum rate of the aggregate annual premium currently paid by the Company for such insurance on the date of this Agreement, *provided* that if the annual premium for such insurance shall exceed such 200% in any year, the Surviving Corporation shall be obligated to obtain a policy with the greatest coverage available for a cost not exceeding such amount; *provided further*, that in the event Parent shall, directly or indirectly, sell all or substantially all of the assets or capital stock of the Surviving Corporation, prior to such sale, Parent shall either assume such obligation or cause a subsidiary of Parent having a net worth substantially equivalent to, or in excess of the net worth of, the Surviving Corporation immediately prior to such sale, to assume such obligation. Parent shall cause the Surviving Corporation to reimburse all expenses, including reasonable attorney's fees, incurred by any Person to enforce the obligations of Parent and Surviving Corporation under this Section 6.4.

6.5 Fees and Expenses. Except as otherwise set forth in this Section 6.5 and in Section 8.3 and Section 8.4, all fees and expenses incurred in connection with the Merger, this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such fees or expenses, *provided*, that each of Parent and the Company shall pay one-half of the total costs associated with the printing and mailing of the Proxy Statement to the Company shareholders, whether or not the Merger is consummated.

6.6 Announcements. Except with respect to any Change of Recommendation made in accordance with the terms of this Agreement, Parent and the Company shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement, including the Merger, and shall not issue any such press release or make any such public statement prior to such consultation, except as such party may reasonably conclude may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system. Parent and the Company agree that the initial press release to be issued with respect to the transactions contemplated by this Agreement shall be in a form agreed to by the parties.

6.7 Listing and TSXV Acceptance. As soon as possible prior to the Closing, Parent shall use all commercially reasonable efforts to obtain the conditional and final acceptance of the TSXV in respect of the transactions contemplated by this Agreement and to cause the Parent Common Shares issuable pursuant to this Agreement to be approved for listing on the TSXV and, if Parent is then listed on the NASDAQ, the NASDAQ, upon notice of issuance, exercise or conversion, as applicable, subject, in the case of the TSXV, to the making of certain prescribed filings as soon as possible following the Effective Time. Without limiting the generality of the foregoing, Parent shall use all commercially reasonable efforts to obtain any required security holder approval in connection with the transactions contemplated by this Agreement and the listing of the Parent Common Shares issuable pursuant to this Agreement.

6.8 Tax-Free Reorganization Treatment. None of Parent, the Company or Merger Sub shall knowingly take any action, cause any action to be taken, fail to take any commercially reasonable action or cause any commercially reasonable action to fail to be taken, which action or failure to act would reasonably be expected to cause the Company, Merger Sub or Parent to be unable to sign the representation letters necessary for counsel to render the tax opinions referred to in Section 7.2(e) and Section 7.3(e) .

6.9 Conveyance Taxes. Parent and the Company shall cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding any real property transfer or gains, sales, use, transfer, value added, stock transfer and stamp Taxes, any transfer, recording, registration and other fees or any similar Taxes which become payable in connection with the transactions contemplated by this Agreement that are required or permitted to be filed on or before the Effective Time, and any such Taxes shall be paid by the Company.

6.10 Equity Awards.

(a) At the Effective Time, each then outstanding Company Option, whether or not vested or exercisable at the Effective Time, shall be assumed by Parent and shall be converted into an option with respect to a number of Parent Common Shares (rounded down to the nearest whole share) equal to the product of the number of shares of Company Common Stock subject to such Company Option immediately prior to the Effective Time multiplied by the Exchange Ratio. The per-share exercise price for the Parent Common Shares issuable upon exercise of an assumed Company Option shall be equal (rounded up to the nearest whole cent) to the per-share exercise price of the Company Option immediately prior to the Effective Time divided by the Exchange Ratio. Except as provided above, the assumed Company Option shall be subject to the same terms and conditions (including expiration date, vesting and exercise provisions) as were applicable to the award immediately prior to the Effective Time. As soon as practicable after the Effective Time, Parent shall deliver to the holder of each Company Option that is so assumed appropriate notices setting forth the number of Parent Common Shares subject to such assumed award and the exercise of the assumed award, each as adjusted pursuant to this paragraph.

(b) At the Effective Time, each then outstanding Company RSU, whether or not vested at the Effective Time, shall be assumed by Parent and shall be converted into the right to receive a number of Parent Common Shares (rounded down to the nearest whole share) equal to the product of the number of shares of Company Common Stock subject to such Company RSU immediately prior to the Effective Time multiplied by the Exchange Ratio, provided that50% of the Company RSUs outstanding immediately prior to the Effective Time (as determined based on contractual obligations existing prior to the date hereof and as otherwise determined by the Company) shall vest and be paid in Company Common Stock immediately prior to the Effective Time (with such 50% acceleration applied to each remaining vesting installment of such Company RSU) and the remaining 50% of the Company RSUs shall be assumed by Parent as provided above, and further provided that if prior the Effective Time Parent shall not have adopted a restricted stock unit plan the terms of which are materially similar to terms of the Company Stock Plan that evidences the applicable Company RSU plan as in effect immediately prior to the Effective Time, all then outstanding Company RSUs shall vest and be paid in Company Common Stock immediately prior to the Effective Time and the holders thereof shall receive Parent Common Shares. Except as provided above, the assumed Company RSUs shall be subject to the same terms and conditions (including vesting provisions) as were applicable to the award immediately prior to the Effective Time. As soon as practicable after the Effective Time, Parent shall deliver to the holder of each Company RSU that is so assumed appropriate notices setting forth the number of Parent Common Shares subject to such assumed award, as adjusted pursuant to this paragraph.

(c) The Company shall terminate all Company SARs outstanding at the Effective Time which termination shall be conditioned upon closing of the Merger.

(d) As soon as reasonably practicable after the Effective Time (and in any event not more than 30 business days after the Closing, subject to the availability of Form S-8 for use by Parent), assuming that the Effective Time Parent is required to file reports pursuant to Section 13(a) or 15(d) of the Exchange Act, Parent shall file a registration statement on Form S-8 (or any successor or other appropriate form) with respect to the shares of Parent Common Stock subject to Company Options and Company RSUs and shall use its reasonable best efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such Company Options or Company RSUs remain outstanding.

(e) The rights of participants in the ESPP with respect to any offering period underway immediately prior to the Effective Time under the ESPP shall be determined by treating the last business day prior to the Effective Time as the last day of such offering period and by making such other pro-rata adjustments as may be necessary to reflect the shortened offering period but otherwise treating such shortened offering period as a fully effective and completed offering period for all purposes under the ESPP. After the date of this Agreement, no new participants shall be permitted to enroll in the ESPP, no participant may increase the rate of his or her participation in the ESPP from the level in effect on the date of this Agreement, and no new offering or purchase period shall commence under the ESPP. The Company shall terminate the ESPP prior to the Effective Time.

6.11 Employee Benefits. On and after the Closing, until at least the first anniversary of the Closing, Parent shall cause the Surviving Corporation to provide each employee of the Company or any of its affiliates who continues employment with Parent, the Surviving Corporation or any of their affiliates following the Closing (each, a "Continuing Employee") with (i) salary that is not less than the Continuing Employee's salary immediately prior to the Closing, and (ii) benefit plans, programs and arrangements that are substantially comparable in the aggregate to those currently provided to the Continuing Employee under the Company's benefit plans, programs and arrangements (*except* as otherwise required under the terms and conditions of any collective bargaining agreement covering union employees of the Company). If any employee of the Company or any of its affiliates becomes a participant in any employee benefit plan of Parent or any of its affiliates, such employee shall be given credit under such plan for the last continuous period of service with the Company and its affiliates prior to the Closing for purposes of determining eligibility to participate, vesting in benefits and vacation and severance benefits, but for no other purpose (including, without limiting the generality of the foregoing, the accrual of benefits).

(a) Parent agrees that, upon the Closing, each Continuing Employee shall be immediately eligible to participate in a group health plan (as defined in Section 5000(b)(1) of the Code) (and Parent shall cause to be waived any eligibility waiting periods, any evidence of insurability requirements and the application of any pre-existing condition limitations under such plan), and such Continuing Employee shall be credited towards the deductibles, coinsurance and maximum out-of-pocket provisions, imposed under such group health plan, for the calendar year during which the Closing Date occurs, with any applicable expenses already incurred during the portion of the year preceding the Closing Date under the applicable group health plans of the Company; *provided*, *however*, such obligation of Parent is contingent on the Company furnishing sufficient information in sufficiently usable form to enable Parent to reasonably administer its plan. As of the Closing Date, Parent shall, or shall cause the Surviving Corporation or relevant affiliate to, credit to the Continuing Employees the amount of vacation time that such employees had accrued under any the Company's vacation policies as of the Closing Date.

(b) Parent shall, or shall cause the Surviving Corporation or relevant affiliate to, assume and honor in accordance with their terms all deferred compensation plans, agreements and arrangements, severance and separation pay plans, agreements and arrangements, and written employment, severance, retention, incentive, change in control and termination agreements (including any change in control provisions therein) set forth in Section 6.11(c) of the Company Disclosure Schedule applicable to employees of the Company, in the same manner and to the same extent that the Company would be required to perform and honor such plans, agreements and arrangements if the transactions contemplated by this Agreement had not been consummated.

(c) The Company shall provide Parent with such documents, employee data and other information as may be reasonably required to carry out the provisions of this Section 6.11.

6.12 Consents of Accountants. The Company and Parent will each use commercially reasonable efforts to cause to be delivered to each other consents from their respective independent auditors, dated the date on which the Form F-4 is filed with the SEC, is amended or supplemented, or becomes effective or a date not more than two days prior to such date, in form reasonably satisfactory to the recipient and customary in scope and substance for consents delivered by independent public accountants in connection with registration statements on Form F-4 under the Securities Act.

6.13 Affiliate Legends. Schedule 6.13 to this Agreement sets forth a list of those Persons who are, in the Company's reasonable judgment, "affiliates" of the Company within the meaning of Rule 145 promulgated under the Securities Act ("Rule 145 Affiliates"). The Company shall notify Parent in writing regarding any change in the identity of its Rule 145 Affiliates prior to the Closing Date. Parent shall be entitled to issue appropriate stop transfer instructions to the transfer agent for the Parent Common Shares.

6.14 Notification of Certain Matters. The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of the occurrence, or failure to occur, of any event, which is in the Company's Knowledge or Parent's Knowledge, as applicable, and as to which the occurrence or failure to occur would reasonably be likely to result in the failure of any of the conditions set forth in Article VII to be satisfied. The Company shall give Parent prompt written notice of any material correction to any of the SEC Filings, as the case may be, from and after the date hereof. Parent shall give the Company prompt written notice of any material correction to any of the Parent Filings, as the case may be, from and after the date hereof. Notwithstanding the above, the delivery of any notice pursuant to this Section 6.14 will not limit or otherwise affect the remedies available hereunder to the party receiving such notice or the conditions to such party's obligation to consummate the Merger.

6.15 Section 16 Matters. Prior to the Effective Time, the Company shall take all such steps as may be required to cause any dispositions of Company Common Stock (including derivative securities with respect to Company Common Stock) or acquisitions of Parent Common Shares (including derivative securities with respect to Parent Common Shares) resulting from the transactions contemplated by Article II or III by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

6.16 State Takeover Laws. Prior to the Effective Time, the Company shall not take any action to render inapplicable, or to exempt any third Person from, any state takeover law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares of capital stock unless (i) required to do so by order of a court of competent jurisdiction or (ii) the Company's Board of Directors has concluded in good faith, after receipt of advice of its outside legal counsel, that, in light of a Superior Proposal with respect to it, the failure to take such action is reasonably likely to result in a breach of its Board of Directors' fiduciary obligations to its shareholders under applicable Law. The Company and its directors shall take all action necessary to waive the application of any shareholder rights plan or similar device or arrangement, commonly or colloquially known as a "*poison pill*" or "*anti-takeover*" plan or any similar plan, device or arrangement that the Company has adopted or authorized.

6.17 Further Assurances. At and after the Effective Time, the officers and directors of the Surviving Corporation will be authorized to execute and deliver, in the name and on behalf of the Company, any deeds, bills of sale, assignments or assurances and to take any other actions and do any other things, in the name and on behalf of the Company, reasonably necessary to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger. If, at any time after the Effective Time, any of the parties hereto reasonably believes or is advised that any further instruments, deeds, assignments or assurances are reasonably necessary to consummate the Merger or to carry out the purposes and intent of this Agreement at or after the Effective Time, then the Company, Parent, the Surviving Corporation and their respective officers and directors shall execute and deliver all such proper deeds, assignments, instruments and assurances and do all other things reasonably necessary to consummate the Merger and to carry out the purposes and intent of this Agreement.

6.18 Shareholder Litigation. The Company shall provide prompt oral notice to the Parent of any litigation brought by any shareholder of the Company against the Company, any of its subsidiaries and/or any of their respective directors relating to the Merger and this Agreement. The Company shall give the Parent the opportunity to participate (at the Parent's expense) in the defense or settlement of any such litigation, and no such settlement shall be agreed to without the Parent's prior written consent, which consent shall not be unreasonably withheld or delayed, except that the Parent shall not be obligated to consent to any settlement which does not include a full release of Parent and its affiliates or which imposes an injunction or other equitable relief after the Effective Time upon Parent or any of its affiliates. Parent shall provide prompt oral notice to the Company of any litigation brought by any shareholder of the Parent against the Parent, any of its Subsidiaries and/or any of their respective directors relating to the Merger and this Agreement. Parent shall give the Company the opportunity to participate (at the Company's expense) in the defense or settlement of any such litigation.

6.19 Debt Assignment or Assumption. The Company shall use its reasonable best efforts to cause Cyrus Capital Partners, L.P. and its affiliates that hold convertible promissory notes issued by the Company (collectively, "Cyrus") to consent to the assumption by or assignment to Parent of such notes in favor of Cyrus outstanding immediately prior to the Effective Time, and such notes shall be assigned to or assumed by Parent as of the Effective Time.

6.20 Bridge Loans. Parent shall comply with its obligations under the Bridge Loan Documentation.

ARTICLE VII
Conditions Precedent

7.1 Conditions to Each Party's Obligation to Effect The Merger. The obligation of each party to effect the Merger is subject to the satisfaction or waiver at or prior to the Closing of the following conditions: (a) Shareholder Approval. The Company Shareholder Approval shall have been obtained.

(b) Governmental Consents and Approvals. All filings with, and all consents, approvals and authorizations of, any Governmental Authority required to be made or obtained by the Company, Parent or any of their subsidiaries to consummate the Merger shall have been made or obtained, *other than* those that if not made or obtained would not, individually or in the aggregate, have a Material Adverse Effect on the Company or Parent or the Company and Parent, taken as a whole (determined, for purposes of this clause with respect to both the Company and Parent, after giving effect to the Merger).

(c) No Injunctions or Restraints. No judgment, order, decree, statute, law, ordinance, rule or regulation, or other legal restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Governmental Authority of competent jurisdiction shall be in effect which prohibits, materially restricts, makes illegal or enjoins the consummation of the transactions contemplated by this Agreement.

(d) Governmental Action. No action or proceeding shall be instituted by any Governmental Authority challenging or seeking to prevent or delay consummation of or seeking to render unenforceable the Merger, asserting the illegality of the Merger or any material provision of this Agreement or seeking material damages in connection with the transactions contemplated hereby which continues to be outstanding, nor shall any such action be pending.

(e) Form F-4. The Form F-4 shall have become effective under the Securities Act, and no stop order or proceedings seeking a stop order shall have been initiated or, to the Knowledge of the Company or Parent, threatened by the SEC and Parent shall have received all state securities or "blue sky" authorizations necessary for the Parent Share Issuance.

(f) Listing. The Parent Common Shares issuable pursuant to this Agreement shall have been approved for listing on the TSXV and on the NASDAQ upon notice of issuance, exercise or conversion, as applicable, subject, in the case of the TSXV, to the making of certain prescribed filings as soon as possible following the Effective Time.

(g) TSXV Acceptance. Parent shall have received the final acceptance of the TSXV in respect of the transactions contemplated by this Agreement.

7.2 Conditions to Obligations of Parent and Merger Sub. The obligation of Parent and Merger Sub to effect the Merger is further subject to satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Except as a result of action expressly permitted under this Agreement or expressly consented to in writing by Parent pursuant to Section 5.1, (i) the representations and warranties of the Company contained in this Agreement (*other than* the representations and warranties of the Company contained in Sections 3.1, 3.2, 3.3, 3.19 and 3.20) shall be true both when made and as of the Closing Date, as if made as of such time (*except* to the extent such representations and warranties are expressly made as of a certain date, in which case such representations and warranties shall be true in all respects, as of such date), *except* where the failure of such representations and warranties to be so true (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth therein) does not have and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, and (ii) the representations and warranties of the Company contained in Sections 3.1, 3.2, 3.3, 3.19 and 3.20 shall be true in all respects both when made and as of the Closing Date, as if made as of such time (*except* to the extent such representations and warranties are expressly made as of a certain date, in which case such representations and warranties shall be true in all respects, as of such date).

(b) The Company shall have performed, or complied with, in all material respects, all obligations required to be performed or complied with by it under this Agreement at or prior to the Closing Date.

(c) No Material Adverse Change of the Company shall have occurred since the date of this Agreement and be continuing.

(d) Parent shall have received an officer's certificate duly executed by each of the Chief Executive Officer and Chief Financial Officer of the Company to the effect that the conditions set forth in Sections 7.2(a), (b) and (c) have been satisfied.

(e) Parent shall have received an opinion of Dorsey & Whitney LLP, counsel to Parent, or such other Tax counsel reasonably satisfactory to the Company, on the basis of certain facts, representations and assumptions set forth in such opinion, dated the Closing Date, to the effect that the Merger to the effect that the Merger should qualify for the Intended Tax Treatment. In rendering such opinion, such counsel may require and shall be entitled to rely upon reasonable and customary representations and covenants, including those contained in representation letters signed by officers of Parent, the Company and Merger Sub. The opinion condition referred to in this Section 7.2(e) shall not be waivable after receipt of the Company Shareholder Approval unless further shareholder approval by the Company shareholders is obtained with appropriate disclosure.

(f) Indebtedness of the Company in favor of Cyrus outstanding immediately prior to the Effective Time debt shall be assigned to or assumed by Parent as of the Effective Time in accordance with the terms of Section 6.19.

7.3 Conditions to Obligations of the Company. The obligations of the Company to effect the Merger are further subject to satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Except as a result of action expressly permitted under this Agreement or expressly consented to in writing by the Company pursuant to Section 5.1, (i) the representations and warranties of Parent contained in Sections 4.1, 4.2, 4.3, 4.19 and 4.20 shall be true both when made and as of the Closing Date, as if made as of such time (*except* to the extent such representations and warranties are expressly made as of a certain date, in which case such representations and warranties shall be true in all respects, as of such date), *except* where the failure of such representations and warranties to be so true (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth therein) does not have and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent, and (ii) the representations and warranties of Parent contained in Sections 4.1, 4.2, 4.3, 4.19 and 4.20 shall be true in all respects both when made and as of the Closing Date, as if made as of such time (*except* to the extent such representations and warranties are expressly made as of a certain date, in which case such representations and warranties shall be true in all respects, as of such date).

(b) Each of Parent and Merger Sub shall have performed, or complied with, in all material respects all obligations required to be performed or complied with by it under this Agreement at or prior to the Closing Date.

(c) No Material Adverse Change of Parent shall have occurred since the date of this Agreement and be continuing.

(d) The Company shall have received an officer's certificate duly executed by each of the Chief Executive Officer and Chief Financial Officer of Parent to the effect that the conditions set forth in Sections 7.3(a), (b), and (c) have been satisfied.

(e) The Company shall have received an opinion of O'Melveny & Myers LLP, counsel to the Company, or such other Tax counsel reasonably satisfactory to Parent, on the basis of certain facts, representations and assumptions set forth in such opinion, dated the Closing Date, to the effect that the Merger should qualify for the Intended Tax Treatment. In rendering such opinion, such counsel may require and shall be entitled to rely upon reasonable and customary representations and covenants, including those contained in representation letters signed by officers of Parent, the Company and Merger Sub. The opinion condition referred to in this Section 7.3(e) shall not be waivable after receipt of the Company Shareholder Approval unless further shareholder approval by the Company shareholders is obtained with appropriate disclosure.

(f) The date of the Closing and the Effective Time shall not be prior to August 1, 2014.

(g) All necessary steps shall have been taken by the Parent to effectuate the governance matters contemplated by Exhibit A.

ARTICLE VIII
Termination, Amendment and Waiver

8.1 Termination. This Agreement may be terminated at any time prior to the Effective Time by action taken or authorized by the Board of Directors of the terminating party or parties, and (*except* in the case of Sections 8.1(b)(iii), 8.1(e) or 8.1(f)) whether before or after the Company Shareholder Approval:

(a) by mutual written consent of Parent and the Company, if the Board of Directors of each so determines;

(b) by written notice of either Parent or the Company (as authorized by the Board of Directors of Parent or the Company, as applicable):

(i) if the Merger shall not have been consummated by December 31, 2014 (the "Outside Date"), *provided*, *however*, that if (x) the Effective Time has not occurred by such date by reason of nonsatisfaction of any of the conditions set forth in Section 7.1(b), Section 7.1(c), Section 7.1(d) or Section 7.1(e) and (y) all other conditions set forth in Article VII have been satisfied or waived or are then capable of being satisfied, then such date shall automatically be extended to January 31, 2015 (which shall then be the "Outside Date"); *provided*, *further* that the right to terminate this Agreement under this Section 8.1(b)(i) shall not be available to any party whose failure to fulfill in any material respect any obligation of such party, or satisfy any condition to be satisfied by such party, under this Agreement has caused or resulted in the failure of the Effective Time to occur on or before the Outside Date;

(ii) if a Governmental Authority of competent jurisdiction shall have issued an order, decree or ruling or taken any other action (including the failure to have taken an action), in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger, which order, decree, ruling or other action is final and nonappealable; or

(iii) if Company Shareholder Approval shall not have been obtained at the Company Shareholders' Meeting, or at any adjournment or postponement thereof, at which the vote was taken; *provided*, *however*, that the right to terminate this Agreement under this Section 8.1(b)(iii) shall not be available to the Company if the failure to obtain Company Shareholder Approval shall have been caused by the action or failure to act of the Company and such action or failure to act constitutes a breach by the Company of this Agreement;

(c) by Parent (as authorized by its Board of Directors) upon (i) a breach of any representation or warranty on the part of the Company set forth in this Agreement, or if any representation or warranty of the Company shall have become untrue, in either case such that the conditions set forth in Section 7.2(a) would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue and such inaccuracy in the Company's representations and warranties has not been or is incapable of being cured by the Company within 30 calendar days after its receipt of written notice thereof from Parent or (ii) a failure to perform, or comply with any covenant or agreement of the Company set forth in this Agreement such that the condition set forth in Section 7.2(b) would not be satisfied and such failure by the Company has not been or is incapable of being cured by the Company within 30 calendar days after its receipt of written notice thereof from Parent;

(d) by the Company (as authorized by its Board of Directors) upon (i) a breach of any representation or warranty on the part of Parent set forth in this Agreement, or if any representation or warranty of Parent shall have become untrue, in either case such that the conditions set forth in Section 7.3(a) would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue and such inaccuracy in Parent's representations and warranties has not been or is incapable of being cured by Parent within 30 calendar days after its receipt of written notice thereof from the Company or (ii) a failure to perform, or comply with any covenant or agreement of Parent set forth in this Agreement such that the conditions set forth in Section 7.3(b) would not be satisfied and such breach by Parent has not been or is incapable of being cured by Parent within 30 calendar days after its receipt of written notice thereof from the Company;

(e) by Parent (as authorized by its Board of Directors), in the event the Company shall have (i) effected a Change of Recommendation or (ii) failed to publicly reaffirm the recommendation of the Company's Board of Directors to the Company's shareholders to approve the Merger, or failed to publicly state that the Merger and this Agreement are in the best interest of the Company's shareholders, within ten Business Days after Parent requests in writing to such Board of Directors that such action be taken; or (iii) failed to publicly announce, within ten Business Days after a tender offer or exchange offer relating to the securities of the Company and, in each case, which is an Alternative Transaction Proposal, shall have been commenced, a statement disclosing that the Company's Board of Directors recommends rejection of such tender or exchange offer; provided that Parent shall no longer be entitled to terminate this Agreement pursuant to this Section 8.1(e) if the Company Shareholder Approval has been obtained at the Company Shareholders' Meeting; or

(f) by the Company, in the event the Company shall have effected a Change of Recommendation in connection with a determination that an Alternative Transaction Proposal is Superior Proposal in accordance with the terms of this Agreement and, prior to such termination, has paid the Termination Fee; provided that the Company shall no longer be entitled to terminate this Agreement pursuant to this Section 8.1(f) if the Company Shareholder Approval has been obtained at the Company Shareholders' Meeting.

8.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no liability on the part of any of the parties, *except that* (i) Section 6.2(b), Section 6.5, this Section 8.2, Section 8.3, Section 8.4, the second sentence of Section 8.5 and Section 8.6, as well as Article IX shall survive termination of this Agreement and continue in full force and effect, and (ii) that nothing herein, shall relieve any party from liability for any willful breach of any representation or warranty of such party contained herein or any willful breach of any covenant or agreement of such party contained herein. No termination of this Agreement shall affect the obligations of the parties contained in the CA, all of which obligations shall survive termination of this Agreement in accordance with their terms.

8.3 Payments by the Company.

(a) In the event that (A) this Agreement is terminated by the Company or Parent pursuant to Section 8.1(b)(i) or 8.1(b)(iii), (B) following the date hereof and prior to such termination, any Person shall have made to the Company or its shareholders, or publicly announced, a proposal, offer or indication of interest relating to any Alternative Transaction with respect to the Company, and (C) within 12 months following the termination of this Agreement, (1) an Alternative Transaction is consummated by the Company or (2) the Company enters into an agreement, arrangement or binding understanding providing for an Alternative Transaction of the Company and such Alternative Transaction shall ultimately be consummated, then the Company shall pay Parent a fee equal to USD$3,500,000 (the "Termination Fee") in immediately available funds; such fee payment to be made within one (1) Business Day following consummation of such Alternative Transaction.

(b) In the event that this Agreement is terminated by Parent pursuant to Section 8.1(e) then the Company shall pay Parent the Termination Fee in immediately available funds; such fee payment to made within one Business Day after termination in accordance with such Section 8.1(e) .

(c) In the event that this Agreement is terminated by the Company pursuant to Section 8.1(f) then the Company shall pay Parent the Termination Fee in immediately available funds; such fee payment to made at or prior to the time of such termination in accordance with such Section 8.1(f) .

8.4 Interest and Costs; Other Remedies. All payments under Section 8.3 shall be made by wire transfer of immediately available funds to an account designated by Parent. The Company acknowledges that the agreements contained in Section 8.3 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Parent would not enter into this Agreement; accordingly, if the Company fails to pay in a timely manner the amounts due pursuant to Section 8.3 and, in order to obtain such payment, Parent makes a claim that results in a judgment against the Company for the amounts set forth in Section 8.3, the Company shall pay Parent its reasonable costs and expenses (including reasonable attorneys' fees and expenses) in connection with such suit, together with interest on the amounts set forth in Section 8.3 at the prime rate of interest per annum publicly announced by the Wall Street Journal, as in effect on the date such payment was required to be made. This Section 8.4 and the entire Section 8.3, shall survive any termination of this Agreement.

8.5 Amendment. Subject to compliance with applicable Law, this Agreement may be amended by the parties in writing at any time before or after Company Shareholder Approval; *provided*, *however*, that after Company Shareholder Approval, there may not be, without further approval of the shareholders of the Company any amendment of this Agreement that changes the amount or the form of the consideration to be delivered to the holders of Company Common Stock hereunder, or which by law or NASDAQ rule otherwise expressly requires the further approval of such shareholders. This Agreement may not be amended *except* by an instrument in writing signed on behalf of each of the parties hereto and duly approved by the parties' respective Boards of Directors or a duly designated committee thereof.

8.6 Extension; Waiver. At any time prior to the Effective Time, a party may, subject to the proviso of Section 8.5 (and for this purpose treating any waiver referred to below as an amendment), (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties of the other parties contained in this Agreement or in any document delivered pursuant to this Agreement or (c) waive compliance by the other party with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. Any extension or waiver given in compliance with this Section 8.6 or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

ARTICLE IX
General Provisions

9.1 Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. This Section 9.1 shall not limit the survival of any covenant or agreement of the parties in the Agreement which by its terms contemplates performance after the Effective Time.

9.2 Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given if delivered personally, via facsimile (receipt confirmed) or by a nationally recognized overnight courier (providing proof of delivery) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to the Company to:

Overland Storage, Inc.
9112 Spectrum Centre Boulevard
San Diego, California
92123

Attention: Kurt Kalbfleisch
Fax No: 1 (858) 495 4267

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

O'Melveny & Myers LLP
2765 Sand Hill Road
Menlo Park, CA 94025
Attn: Steve Tonsfeldt and Paul Sieben
Facsimile: (650) 473-2601

(b) if to Parent or Merger Sub, to:

Sphere 3D Corporation
240 Matheson Blvd. East
Mississauga, Ontario
L4Z 1X1

Attention: Scott Worthington
Fax No: 905-282-9966

with a copy (which shall not constitute notice to Parent or Merger Sub) to:

Dorsey & Whitney LLP
161 Bay Street, Suite 4310
Toronto, Ontario
M5J 2S1

Attn: Richard Raymer
Facsimile: (416) 367-7371

9.3 Interpretation. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article or Section of, or an Exhibit to, this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to a "Person" shall include references to an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns. All references to dollar amounts or to cash shall be to the lawful currency of the United States.

9.4 Knowledge. References to the "Knowledge" of the Company shall mean the actual knowledge of the executive officers of the Company. References to the "Knowledge" of Parent shall mean the actual knowledge of the executive officers of Parent.

9.5 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

9.6 Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the CA, the Company Disclosure Schedule, the Parent Disclosure Schedule and the documents and instruments referred to herein) (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement and (b) *except for* the provisions of Section 6.4 (which are intended to benefit the Indemnified Parties) is not intended to confer upon any Person *other than* the parties hereto any rights or remedies.

9.7 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, regardless of the laws that might otherwise govern under applicable principles of conflict of laws thereof.

9.8 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by either of the parties hereto without the prior written consent of the other party. Any assignment in violation of the preceding sentence shall be void. Subject to the preceding two sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

9.9 Consent to Jurisdiction. Each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any federal or state court located in the State of California in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court *other than* a federal or state court sitting in the State of California.

9.10 Headings, etc. The headings and table of contents contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.11 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect, insofar as the foregoing can be accomplished without materially affecting the economic benefits anticipated by the parties to this Agreement. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

9.12 Failure or Indulgence Not a Waiver; Remedies Cumulative. No failure or delay on the part of any party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or of any other right. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

9.13 Waiver of Jury Trial. EACH OF PARENT, MERGER SUB AND THE COMPANY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF PARENT, MERGER SUB OR THE COMPANY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

9.14 Specific Performance. The parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any federal or state court located in the State of Delaware, this being in addition to any other remedy to which they are entitled at law or in equity.

9.15 Remedy for Breach of Bridge Loan Documentation. In the event of an Event of Default (as defined in the Bridge Loan Documentation), Parent, at its option, may loan an additional amount to the Company sufficient to pay all then outstanding obligations of the Company to Silicon Valley Bank, which loan shall be pursuant to substantially the same terms contained in the Bridge Loan Documentation, and shall be used to pay off the above obligations to Silicon Valley Bank.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement and Plan of Merger to be executed by their respective officers thereunto duly authorized, all as of the date first written above.

SPHERE 3D CORPORATION

By “*Peter Tassiopoulos*"
Name: Peter Tassiopoulos
Title: Chief Executive Officer

OVERLAND STORAGE, INC.

By: “*Kurt Kalbfleisch*”
Name: Kurt Kalbfleisch
Title: Chief Financial Officer

S3D ACQUISITION COMPANY

By: “*Peter Tassiopoulos*"
Name: Peter Tassiopoulos
Title: Chief Executive Officer

EXHIBIT A

GOVERNANCE MATTERS

(a) Parent shall take all necessary action to cause, effective at the Effective Time, Eric L. Kelly to be appointed the Chief Executive Officer of Parent.

(b) Parent shall take all necessary action to cause, effective at the Effective Time, Kurt L. Kalbfleisch to be appointed the Chief Financial Officer of Parent.

(c) Parent shall take all necessary action to cause, effective at the Effective Time, the Board of Directors of Parent to consist of seven (7) members, two of whom shall be determined by the Company prior to the Closing and one (1) of whom shall be Eric Kelly (who is an existing member of such Board of Directors).

SPHERE 3D CORPORATION

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Sphere 3D Corporation (the "**Corporation**")
240 Matheson Boulevard East
Mississauga, Ontario
L4Z 1X1

Item 2 Date of Material Change

May 15, 2014 and May 16, 2014

Item 3 News Release

The news releases attached hereto as Schedule "A" were issued by the Corporation and disseminated via Newsfile on May 15 and 16, 2014 and are available on the Corporation's profile at www.sedar.com.

Item 4 Summary of Material Change

On May 15, 2014, the Corporation announced that it had entered into an agreement with a syndicate of investments dealers led by Cormark Securities Inc. and including Jacob Securities Inc. and Paradigm Capital Inc. (collectively, the "**Underwriters**") pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 1,176,500 special warrants ("**Special Warrants**") of the Corporation at a price of $8.50 per Special Warrant, resulting in gross proceeds of $10,000,250 to the Corporation. Each Special Warrant is exercisable into one unit of the Corporation (a "**Unit**") with each Unit being comprised of one common share of the Corporation (a "**Common Share**") and one-half of a Common Share purchase warrant of the Corporation (a "**Warrant**"). Each whole Warrant is exercisable at an exercise price of $11.50 for a period of two years from the closing date. The Underwriters will have the option (the "**Underwriters' Option**") to arrange for the purchase of up to an additional 15% of Special Warrants (being up to 176,475 Special Warrants) sold under the Offering. The Underwriters' Option will be exercisable, in whole or in part, until the time of closing.

On May 16, 2014, the Corporation announced that it had entered into a definitive merger agreement (the "**Merger Agreement**") with Overland Storage, Inc. ("**Overland**"), pursuant to which Overland and a wholly-owned subsidiary of the Corporation would merger and become a wholly-owned subsidiary of the Corporation. Under the terms of the Merger Agreement, the Corporation will issue a total of 9,443,882 Common Shares (with an aggregate implied value of approximately US$81.13 million) on closing, subject to adjustment, for all of the outstanding share capital of Overland ("**Overland Shares**") on the basis of one Overland Share for 0.510594 Common Shares (the "**Exchange Ratio**"). In addition, Sphere 3D will issue 1,467,906 warrants, 143,325 options and 505,321 restricted share units, or equivalents, in exchange for the outstanding convertible securities of Overland, calculated on the basis of the Exchange Ratio. All issued and outstanding stock appreciation rights of Overland will terminate on closing.

As a term of the Merger Agreement, the Corporation provided Overland with a secured loan in the principal amount of $5,000,000 on May 15, 2014 (the "**Loan**").

Item 5 **Full Description of Material Change**

The news releases attached hereto as Schedule "A" provide a full description of the material change.

As a term of the Merger Agreement, the Corporation provided Overland with the Loan in the principal amount of $5,000,00 on May 15, 2014, of which $2,500,000 Sphere 3D is to be advanced no later than May 20, 2014 and the balance on June 1, 2014, provided that the Merger Agreement has not been terminated in accordance with its terms. The Loan shall bear interest at prime plus 2%, be for a term of four years expiring May 15, 2018, and is secured against the assets of Overland ranking *pari passi* to indebtedness held by Cyrus Capital Partners LP and subordinate to existing indebtedness owing to Silicon Valley Bank.

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

None.

Item 8 **Executive Officer**

The executive officer who is knowledgeable about this material change report is Scott Worthington, Chief Financial Officer of the Corporation, at (416) 749-5999.

Item 9 **Date of Report**

May 21, 2014

SCHEDULE "A"

Sphere 3D Announces $10.0 Million Bought Deal Financing

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – May 15, 2014 – Sphere 3D Corporation (TSXV-ANY) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today that the Company has entered into an agreement with a syndicate of investment dealers led by Cormark Securities Inc., and including Jacob Securities Inc. and Paradigm Capital Inc. (collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 1,176,500 special warrants of the Company ("Special Warrants") at a price of $8.50 per Special Warrants (the "Issue Price"), resulting in gross proceeds of $10,000,250 to the Company (the "Offering"). Each Special Warrant is exercisable into one unit of the Company (a "Unit") with each Unit being comprised of one common share of the Company (a "Common Share") and one-half of a Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable at an exercise price of $11.50 for a period of two years from the closing date.

The Underwriters will have the option (the "Underwriters' Option") to arrange for the purchase of up to an additional 15% of Special Warrants (being up to 176,475 Special Warrants) sold under the Offering at the Issue Price. The Underwriters' Option shall be exercisable, in whole or in part, until the time of closing. The Underwriters shall be entitled to the same commission provided for below in respect of any Special Warrants issued and sold upon exercise of the Underwriters' Option.

The Underwriters are entitled to receive a cash commission equal to 6% of the gross proceeds of the Offering. The Company will also reimburse the Underwriters for reasonable fees and expenses incurred in connection with the Offering.

The Offering is scheduled to close on or before June 3, 2014. All securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSXV and applicable Canadian securities laws. The Offering is subject to all required regulatory approvals, including the approval of the TSXV.

Sphere 3D intends to file a short-form prospectus in each of the Provinces of British Columbia, Alberta and Ontario (and such other provinces and territories of Canada as may be agreed to by Cormark Securities Inc. and the Corporation) qualifying the Units issuable upon exercise or deemed exercise of the Special Warrants by July 31, 2014, failing which the holder would be entitled to receive 1.05 Units upon exercise or deemed exercise of the Special Warrants.

It is expected that $5,000,000 of the Offering will be advanced to Overland Storage, Inc. (Nasdaq-OVRL) ("Overland") by way of an interim financing loan (the "Loan"), as required pursuant to the Agreement and Plan of Merger Agreement entered into today among the Company, its wholly-owned acquisition company, S3D Acquisition Company, and Overland, and the balance being used for working capital purposes.

The offered securities pursuant to the Offering will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

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About Sphere 3D Corporation
Sphere 3D Corporation (TSX-V:ANY) is a Mississauga, Ontario based virtualization technology solution provider whose patent pending Glassware 2.0™ technology makes it possible for incompatible devices and applications to run over the cloud, without sacrificing performance or security. Sphere 3D's Glassware 2.0™ ultra-thin client allows third parties to deliver fully featured products to any cloud-connected device independent of operating system or hardware. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements
This release contains forward-looking statements, including, without limitation, the closing date of the Offering, the filing of a short-form prospectus to qualify the Units issuable upon exercise of the Special Warrants and the use of the net proceeds of the Offering. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

SPHERE 3D ENTERS INTO DEFINITIVE MERGER AGREEMENT WITH OVERLAND STORAGE

SPHERE 3D ANNOUNCES $10.0 MILLION BOUGHT DEAL FINANCING

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – May 16, 2014 – Sphere 3D Corporation (TSX-V: ANY; OTCQX: SPIHF) ("Sphere 3D" or the "Company") today announced that it has entered into a definitive merger agreement (the "Merger Agreement") with Overland Storage, Inc. ("Overland"), a Nasdaq-listed company, pursuant to which Overland and a wholly-owned subsidiary of Sphere 3D would combine to create a leading global virtualization and data management software solutions company (the "Transaction"). The combined company will become a wholly-owned subsidiary of Sphere 3D and the name of the combined company will remain Overland.

Under the terms of the Merger Agreement, Sphere 3D will issue a total of 9,443,882 common shares ("Common Shares") on closing, subject to adjustment, for all of the outstanding share capital of Overland ("Overland Shares") on the basis of one Overland Share for 0.510594 Common Shares of Sphere 3D (the "Exchange Ratio"). In addition, Sphere 3D will issue 1,467,906 warrants, 143,325 options and 505,321 restricted share units, or equivalents, in exchange for the outstanding convertible securities of Overland, calculated on the basis of the Exchange Ratio. All issued and outstanding stock appreciation rights of Overland will terminate on closing. The average exercise price of the options and warrants are US$22.62 and US17.28, respectively. At current pricing, the Company believes it is unlikely that any of these options and warrants will be exercised.

After completion of the Transaction, it is expected that current holders of Overland securities will own approximately 28.8% of Sphere 3D, on a fully diluted basis, as a result of their exchange of securities in the Transaction.

On May 14, 2014, the last trading day prior to the announcement of the transaction, the closing price of the Overland Shares, on the NASDAQ, was US$2.90 and the closing price of the Common Shares of Sphere 3D, on the TSX Venture Exchange (the "TSXV"), was C$9.46 (or US$8.68) . Based on the closing price of the Common Shares of Sphere 3D on May 14, 2014, the total consideration payable to holders of Overland shareholders has an implied value of approximately US$81.13 million or approximately US$4.43 per Overland Share.

The acquisition price represents a premium of approximately 53% over the closing price of the Overland Shares on the NASDAQ on the last trading day immediately preceding the announcement of the Transaction and a premium of approximately 27% over the weighted average trading price of the Overland Shares on the NASDAQ for the 30 trading days immediately preceding the announcement of the Transaction.

Overland is a trusted global provider of unified data management and data protection solutions designed to enable small and medium enterprises, distributed enterprise, and small and medium businesses to anticipate and respond to data storage requirements. By providing an integrated range of technologies and services for primary, nearline, offline, and archival data storage, Overland makes it easy and cost effective to manage different tiers of information over time, whether distributed data is across the hall or across the globe. Overland SnapServer, RDX removable disk-based technology, SnapScale, SnapServer, SnapSAN, NEO Series and REO Series solutions are available through a global channel of value-added resellers and system integrators.

Sphere 3D and Overland have been working in tandem to develop an integrated application virtualization and data storage platform, as well as a virtual desktop infrastructure (VDI) solutions, which are already installed at select strategic customers and partners. The application virtualization platform allows native third party applications to be delivered in the cloud or on premise on a multitude of endpoint devices independent of their operating system. The VDI market, a key segment of the virtualization market, is estimated to be over $5 billion and growing 20% annually, according to Frost & Sullivan. Through the combination, Sphere 3D will have greater financial and operational scale, and a large and well established worldwide distribution network and tier one OEM partnerships.

The combination of Sphere 3D's Glassware 2.0 virtualization solution and Overland's data storage solutions will enable mobile device users the full functionality of any software program or application on any device, anywhere, eliminating the application limitations, data management and security problems for enterprises created by the BYOD (Bring Your Own Device) phenomenon. Mobile users that need productivity applications such as word processing, spreadsheets, presentations and collaborations, specialized software for computer-aided design (CAD), magnetic resonance imaging (MRI), software development, video production or customized legacy applications can now experience full application functionality via the cloud or in the data center.

Following the closing of the Transaction, the board of directors of Sphere 3D will consist of seven members, of which five will be existing Sphere 3D directors and two will be nominees of Overland,. The two board nominees of Overland will be determined and appointed prior to closing of the Transaction, subject to receipt of all regulatory requirements.

For the three and nine months ended March 31, 2014, Overland had revenue of US$20,240,000 and US$41,482,000, respectively and incurred a loss of US$6,633,000 and US$15,539,000, respectively. Audited revenue for the twelve months ended June 30, 2013 was US$48,020,000 and a loss of US$19,647,000. As at March 31, 2014, Overland's assets were US$91,788,000 and had liabilities of US$50,696,000. As at June 30, 2013, Overland's assets were US$31,403,000 and had liabilities of US$41,699,000. Overland's financial documents are available at no charge under Overland's profile on EDGAR at www.sec.gov.

Financing

Sphere 3D has entered into an agreement with a syndicate of investment dealers led by Cormark Securities Inc., and including Jacob Securities Inc. and Paradigm Capital Inc. (collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 1,176,500 special warrants of the Company ("Special Warrants") at a price of $8.50 per Special Warrants (the "Issue Price"), resulting in gross proceeds of $10,000,250 to the Company (the "Offering"). Each Special Warrant is exercisable into one unit of the Company (a "Unit") with each Unit being comprised of one Common Share of the Company and one-half of a Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable at an exercise price of $11.50 for a period of two years from the closing date.

The Underwriters will have the option (the "Underwriters' Option") to arrange for the purchase of up to an additional 15% of Special Warrants (being up to 176,475 Special Warrants) sold under the Offering at the Issue Price. The Underwriters' Option shall be exercisable, in whole or in part, until the time of closing. The Underwriters shall be entitled to the same commission provided for below in respect of any Special Warrants issued and sold upon exercise of the Underwriters' Option.

The Underwriters are entitled to receive a cash commission equal to 6% of the gross proceeds of the Offering. The Company will also reimburse the Underwriters for reasonable fees and expenses incurred in connection with the Offering.

The Offering is scheduled to close on or before June 3, 2014. All securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSXV and applicable Canadian securities laws. The Offering is subject to all required regulatory approvals, including the approval of the TSXV.

Sphere 3D intends to file a short-form prospectus in each of the Provinces of British Columbia, Alberta and Ontario (and such other provinces and territories of Canada as may be agreed to by Cormark Securities Inc. and the Corporation) qualifying the Units issuable upon exercise or deemed exercise of the Special Warrants by July 31, 2014, failing which the holder would be entitled to receive 1.05 Units upon exercise or deemed exercise of the Special Warrants.

The completion of the Offering is integral to the consummation of the Merger Agreement. A minimum of $5,000,000 of the Offering will initially be advanced to Overland as contemplated by the Merger Agreement. In addition, subject to further board approval, the Company may advance further funds to support Overland's working capital requirements.

The offered securities pursuant to the Offering will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Approvals

Both companies' boards of directors have unanimously approved the Merger Agreement. The Transaction is subject customary closing conditions, shareholder approval of Overland and receipt of all necessary regulatory approvals, including the approval of the TSXV. The Transaction is expected to close in the third calendar quarter of 2014. Upon the completion of the Transaction, Overland's common stock will cease trading on the NASDAQ and Sphere 3D shares will continue to trade on the TSXV. Sphere has previously announced that it has filed an application to list its common shares on the NASDAQ Capital Market.

Pursuant to the Merger Agreement, Overland is subject to customary non-solicitation covenants. In the event a superior proposal is made and if in response, Overland's board of directors changes its recommendation of the transaction to the Overland shareholders or terminates the Transaction under certain circumstances, Overland has agreed to pay Sphere 3D a termination fee of US$3.5 million.

The Transaction has received the unanimous support of the boards of directors and management of both Sphere 3D and Overland. Certain significant shareholders of Overland, including Cyrus Capital Partners and its affiliates ("Cyrus"), have entered into voting agreements with Sphere 3D pursuant to which they have agreed to vote the Overland Shares beneficially owned by them (collectively representing approximately 64% of the outstanding Overland Shares) in favor of the Transaction, subject to the terms and conditions set forth in the voting agreements.

Cyrus will become an insider of Sphere 3D upon closing of the Merger Agreement. Cyrus is a significant shareholder of Overland, holding 11,048,049 common shares of Overland representing approximately 63.2% of the outstanding shares. Cyrus does not hold any shares of Sphere 3D, but has a right to acquire 666,667 shares pursuant to the exercise of a convertible debenture at US$7.50, being approximately 2.8% of the outstanding shares of Sphere on a partially converted basis. Upon consummation of the transaction set out in the Merger Agreement, Cyrus will hold 5,641,068 or 16.6% of the outstanding shares of Sphere 3D and 6,307,734 common shares of Sphere 3D or approximately 18.2% on a partially diluted basis.

Eric Kelly, a director and the President and Chief Executive Officer of Overland, is also the Chairman of the Board of Sphere 3D and accordingly declared his conflict and recused himself all board discussions and abstained from casting any vote with respect to the Transaction. Mr. Kelly has a non-material share ownership in both Overland and Sphere 3D. No collateral benefit has been paid to Mr. Kelly in connection with the consummation of the Transaction. The Overland board of directors formed a special committee of independent directors to review and evaluate the proposed transaction.

Sphere 3D appointed Glenn Bowman, the Chairman of the Audit Committee, as its lead director with respect to the evaluation of this Transaction.

Cormark Securities Inc. has provided a fairness opinion to the board of directors of Sphere 3D and shall be entitled to fees customary for such advisory and transaction services.

Management Comments

Commenting on behalf of Sphere 3D, Peter Tassiopoulos, Chief Executive Officer stated: "This transformational deal allows us to immediately gain the scale, infrastructure and resources required to become a leading global virtualization company and strengthens Sphere's ability to service and support partners and customers globally. In addition, this transaction provides greater certainty in leveraging Overland's existing global distribution network as well as their significant Tier One OEM relationships."

Eric Kelly, President and Chief Executive Officer of Overland, said, "This merger brings together next generation technologies for virtualization and cloud coupled with end-to-end scalable storage offerings enabling us to address the larger and growing virtualization and cloud markets. This along with Overland's global network of services and reseller partners and our worldwide manufacturing capabilities gives us a clear path for growth and profitability to create significant value for shareholders of both companies."

Investor Conference Call

Sphere 3D will host an investor conference call on Tuesday, May 20, 2014 at 5:00 pm EDT. To access the call dial 1-855-845-0180 and when prompted provide the pass code 1343#. In addition, a live and archived webcast of the conference call will be available at www.sphere3d.com in the Investor Relations section and over the Internet at https://onecast.thinkpragmatic.com/ses/PM2-OC_vQ4LS4Iqg34sP6g~~ until 11:59 pm on August 20, 2014.

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator management software for VDI. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this press release include "forward-looking statements" that involve a number of risks and uncertainties, and actual results or events may differ materially from those projected or implied in those statements. Examples include the parties' ability to consummate the proposed Transaction and timing thereof, the benefits and impact of the proposed Transaction, including tax effects to shareholders, the combined company's ability to achieve synergies and value creation that are contemplated by the parties, Sphere 3D's ability to promptly and effectively integrate Overland's business and the diversion of management time on Transaction-related issues.

Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

Sphere 3D cautions you that you should not rely unduly on these forward-looking statements, which reflect their current beliefs and are based on information currently available. Sphere 3D does not undertake any obligation to update or revise any forward-looking statements as of any future date. Additional information concerning these statements and other factors can be found in Sphere 3D's filings with securities regulatory authorities in Canada at SEDAR (www.sedar.com).

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Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D to Hold Annual and Special Shareholders Meeting May 27, 2014

Mississauga, ONTARIO – May 22nd, 2013 – May 22nd, 2014 – Sphere 3D Corporation (TSXV: ANY, OTCQX: SPIHF) a virtualization technology solution provider, is pleased to announce that the Company will be holding its Annual Shareholders Meeting on Tuesday May 27th, 2014 at 10:00 a.m. Eastern Daylight Time at the Conservatory Suite, St. Andrew's Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario, M5H 1J9..

Following the formal portion of the meeting, Management shall present a slide presentation and demonstration of some of its products to shareholders in attendance. The slide presentation will then be posted under the investor section of the Company's website, www.sphere3d.com. The nature of the business to be transacted at the meeting is described in further detail in the Management Information Circular of the Corporation dated, April 25, 2014, which is available on SEDAR.

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About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a Mississauga, Ontario based virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator™ management software for VDI. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com, www.v3sys.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D Unveils Converged Virtualization Solution for MSPs

-The industry's first converged solution supports public, private or hybrid cloud deployments-

MISSISSAUGA, ONTARIO - May 27, 2014 - Sphere 3D Corporation (TSX VENTURE: ANY, OTCQX: SPIHF) today announced the launch of the first-ever converged virtualization solution for Managed Service Providers ("MSP"s). The Sphere 3D Converged MSP Solution ("SCMS") includes custom configurations of the V3 appliance, storage, industry-standard desktop virtualization, and the app virtualization platform Glassware 2.0™ .

The new solution has been in production with various clients since the initial part of this year. New trials are also underway and in planning stages with several North American MSPs in conjunction with **Ericsson**, a world leader in the rapidly-changing environment of communications and managed services technology.

"MSPs can expect more change in the next 2 years than they've seen in the past 15," **said Peter Tassiopoulos, CEO of Sphere3D**. "Service providers are embracing the changes that accelerate and diversify revenues to ensure their strong future growth. Through this new offering and the support of our partners we are able to provide a turn-key solution that allows MSPs to increase recurring monthly subscription revenue while expanding their range of business offerings to customers."

SCMS is the industry's first converged solution and the first architecture that supports public, private or hybrid deployments. This distributed architecture is possible due to the strategic combination of technologies including the Desktop Cloud Orchestrator™ management software ("DCO").

In addition, SCMS provides a configurable foundation that enables MSPs to generate new monthly revenue streams from the sale of virtual hosted workspaces with the flexibility to deploy through a choice of Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Desktop as a Service (DaaS).

The highlights of SCMS are as follows:

- Delivered on high performance V3 Desktop Cloud Computing appliances that support 25 – 400 virtual Windows® desktops per unit;
- Provides guaranteed performance that is 2 – 8x faster than physical desktops;
- The drop-in server appliances elegantly integrate into an industry standard hypervisor infrastructure (whether at the customer site or the datacenter), to provide the computing and local storage needed for hosting virtual desktops;
- DCO simplifies the creation and management of virtual desktops, including policies for failover and replication;
- Utilizes Glassware 2.0 to add standalone application virtualization and migration of legacy applications.
- Provides the ability for MSPs to seamlessly integrate virtual desktops alongside physical PCs and remote desktop session hosts; and
- Allows MSPs to standardize on a minimum set of desktop images and application libraries through on-demand personalization.

With Sphere 3D’s converged infrastructure solution, MSPs can now provide enterprise grade capabilities to organizations of all sizes. For more details, visit http://sphere3d.com/managed-service-providers/

Industry research shows an increasingly high interest and demand for the convergence of cloud and virtualization technology, said Entelechy Associates analyst Simon Bramfitt in an interview with Forbes.com, who also noted the great benefit to software and service providers of supporting additional customer bases in homogenous user populations with existing Windows applications, and delivered in a cost effective and seamless way.

"Sphere 3D’s cloud-based DaaS solution is the foundation of our IT environment, providing our employees with highly available, consistent and reliable access to cloud services through high-performance virtual desktops with failover and disaster recovery across 3 continents,” said **Sunny Sengupta, vice president of Digital and IT at Leisure Pools**. "We have significantly reduced IT’s management of individual desktops, allowing us to focus this vital resource on developing additional applications that expand workforce productivity instead.”

“With this new converged infrastructure solution, Sphere 3D has addressed a vital market need,” **said Sylvain Boyer, CEO Nuvollo Corporation** “It allows us to transition our focus from technical integration to business value and rapid solution adoption, at a lower total cost of ownership for our customers. We selected the V3 Series drop-in solution because it simplifies administration and enables us to seamlessly manage hybrid distributed client environments.”

For additional information Contact:

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About Sphere 3D Corporation

Sphere 3D Corporation (TSX VENTURE:ANY) (OTCQX: SPIHF) is a Mississauga, Ontario based virtualization technology solution provider. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for desktop virtualization. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements

This release contains forward-looking statements. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the Company's filings with Canadian securities regulators (www.sedar.com).

Sphere 3D Approves Business at Annual and Special Meeting of Shareholders

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – May 28, 2014 – Sphere 3D Corporation (TSX VENTURE: ANY, OTCQX: SPIHF) (the “Company”), a virtualization technology solution provider, is pleased to announce that shareholders have approved all resolutions put forth at its Annual and Special Meeting of Shareholders held on Tuesday May 27, 2014.

The total number of shares represented by shareholders present in person and by proxy was 106 shareholders representing 13,765,902 common shares or 59.16% of the Company’s issued and outstanding Common Shares. Shareholders voted in excess of 98% in favour of all items of business, including the election of each of the following director nominees: Eric L. Kelly, Peter Ashkin, Mario Biasini, Glenn Bowman, Jason D. Meretsky and Peter Tassiopoulos, the appointment of Collins Barrow Toronto LLP as the Company’s auditors and the approval of the Second Amended and Restated Stock Option Plan.

All such business matters as more particularly described in the Information Circular dated April 25, 2014.

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Peter.Tassiopoulos@Sphere3D.com

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a Mississauga, Ontario based virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D’s V3 Systems division supplies the industry’s first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator™ management software for VDI. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com, or access the Company's public filings at www.sedar.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

VOTING AGREEMENT AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT AND IRREVOCABLE PROXY (the "**Agreement**") is made effective as of the 15th of May, 2014

BETWEEN:

Mario Biasini
(the "**Shareholder**")

- and –

SPHERE 3D CORPORATION
(the "**Company**")

WHEREAS:

A. On May 15, 2014, the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("***Sub***") and Overland Storage, Inc. ("***Overland***") to enter into that certain Agreement and Plan of Merger (the "***Merger Agreement***"), pursuant to which Sub will merge with and into Overland (the "***Merger***"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company; and

B. The Shareholder is a significant shareholder of the Company, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 2,746,429 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

C. The Shareholder understands and acknowledges that the Company, Sub and Overland are entitled to rely on (i) the truth and accuracy of Shareholder's representations contained herein and (ii) Shareholder's performance of the obligations set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

1. Support Obligations

(a) Prior to the Expiration Time (as defined herein) and subject to the Shareholder's fiduciary duties at law (to the extent such Shareholder is a director or officer of the Company or Sub), at every meeting of the shareholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the shareholders of Overland with respect to any of the following matters, the Shareholder shall vote the Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) In addition to the terms defined elsewhere herein, the following terms, as used herein, have the following meanings when used herein with initial capital letters:

(i) "**Alternative Transaction Proposal**" has the meaning as defined in Section 5.3(a)(ii) of the Merger Agreement;

(ii) "**Expiration Time**" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015; and

(iii) "**Superior Offer**" has the meaning as defined in Section 5.3(a)(iii) of the Merger Agreement

2. Grant of Proxy

(a) Concurrently with the execution and delivery of this Agreement, Shareholder shall deliver to the Company a duly executed proxy in the form attached hereto as Exhibit A (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of shareholders of the Company or action or approval by written resolution or consent of shareholders of the Company with respect to the matters contemplated by Section 1(a) covering the total number of Shares in respect of which Shareholder is entitled to vote at any such meeting or in connection with any such written consent.

(b) The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this Agreement or with the prior written consent of the Company, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement. Notwithstanding, the Company shall be authorized to make all necessary public filings or disclosure of this Agreement in accordance with applicable law.

5. Termination

This Agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, at the Expiration Tine.

6. General

This Agreement may not be assigned by the Shareholder without the prior written consent of the Company. This agreement may not be assigned by the Company without the prior written consent of the Shareholder.

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party's anticipated benefits under this Agreement.

Time will be of the essence of this Agreement.

This Agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

"*Mario Biasini*"
Name: Mario Biasini

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE SHARES OF
SPHERE 3D CORPORATION

The undersigned shareholder ("**Shareholder**") of Sphere 3D Corporation, an Ontario corporation (the "**Company**"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints T. Scott Worthington, the Chief Financial Officer of the Company, or any other designee of the Company, as the sole and exclusive attorney and proxy of Shareholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Shareholder is entitled to do so) with respect to all of the shares of the Company that now are or hereafter may be beneficially owned by Shareholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Shareholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. It is acknowledged that no provision in this Proxy shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this Proxy will not apply with respect to such sold or transferred Shares.

Upon Shareholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Shareholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Shareholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between the Company and Shareholder (the "**Voting Agreement**"), and is granted in consideration of the Company and Overland Storage Inc., a California corporation ("**Overland**"), entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "**Merger Agreement**"), by and among the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("**Sub**") and Overland, pursuant to which Sub will merge with and into Overland (the "**Merger**"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Shareholder, at any time prior to the Expiration Time, to act as Shareholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Shareholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to applicable law), at every annual, special or adjourned meeting of the shareholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii) of the Merger Agreement) or Superior Proposal (as defined in Section 5.3(a)(iii) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Shareholder may vote the Shares on all other matters.

All authority herein conferred shall survive the death or incapacity of Shareholder and any obligation of Shareholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Shareholder.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of the Company. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Mario Biasini

"*Mario Biasini*"
(Signature of Shareholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Shareholder exercises voting power on the date hereof:

2,746,429 Company Common Shares
25,000 Company Options

VOTING AGREEMENT AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT AND IRREVOCABLE PROXY (the "**Agreement**") is made effective as of the 15th of May, 2014

BETWEEN:

John Morelli
(the "**Shareholder**")

- and –

SPHERE 3D CORPORATION
(the "**Company**")

WHEREAS:

A. On May 15, 2014, the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("***Sub***") and Overland Storage, Inc. ("***Overland***") to enter into that certain Agreement and Plan of Merger (the "***Merger Agreement***"), pursuant to which Sub will merge with and into Overland (the "***Merger***"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company; and

B. The Shareholder is a significant shareholder of the Company, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 1,228,571 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

C. The Shareholder understands and acknowledges that the Company, Sub and Overland are entitled to rely on (i) the truth and accuracy of Shareholder's representations contained herein and (ii) Shareholder's performance of the obligations set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

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1. Support Obligations

(a) Prior to the Expiration Time (as defined herein) and subject to the Shareholder's fiduciary duties at law (to the extent such Shareholder is a director or officer of the Company or Sub), at every meeting of the shareholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the shareholders of Overland with respect to any of the following matters, the Shareholder shall vote the Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) In addition to the terms defined elsewhere herein, the following terms, as used herein, have the following meanings when used herein with initial capital letters:

(i) "**Alternative Transaction Proposal**" has the meaning as defined in Section 5.3(a)(ii) of the Merger Agreement;

(ii) "**Expiration Time**" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015; and

(iii) "**Superior Offer**" has the meaning as defined in Section 5.3(a)(iii) of the Merger Agreement

2. Grant of Proxy

(a) Concurrently with the execution and delivery of this Agreement, Shareholder shall deliver to the Company a duly executed proxy in the form attached hereto as <u>Exhibit A</u> (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of shareholders of the Company or action or approval by written resolution or consent of shareholders of the Company with respect to the matters contemplated by Section 1(a) covering the total number of Shares in respect of which Shareholder is entitled to vote at any such meeting or in connection with any such written consent.

(b) The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this Agreement or with the prior written consent of the Company, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement. Notwithstanding, the Company shall be authorized to make all necessary public filings or disclosure of this Agreement in accordance with applicable law.

5. Termination

This Agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, at the Expiration Tine.

6. General

This Agreement may not be assigned by the Shareholder without the prior written consent of the Company. This agreement may not be assigned by the Company without the prior written consent of the Shareholder.

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party’s anticipated benefits under this Agreement.

Time will be of the essence of this Agreement.

This Agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

"*John Morelli*"
Name: John Morelli

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE SHARES OF
SPHERE 3D CORPORATION

The undersigned shareholder ("**Shareholder**") of Sphere 3D Corporation, an Ontario corporation (the "**Company**"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints T. Scott Worthington, the Chief Financial Officer of the Company, or any other designee of the Company, as the sole and exclusive attorney and proxy of Shareholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Shareholder is entitled to do so) with respect to all of the shares of the Company that now are or hereafter may be beneficially owned by Shareholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Shareholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. It is acknowledged that no provision in this Proxy shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this Proxy will not apply with respect to such sold or transferred Shares.

Upon Shareholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Shareholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Shareholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between the Company and Shareholder (the "**Voting Agreement**"), and is granted in consideration of the Company and Overland Storage Inc., a California corporation ("**Overland**"), entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "**Merger Agreement**"), by and among the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("**Sub**") and Overland, pursuant to which Sub will merge with and into Overland (the "**Merger**"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Shareholder, at any time prior to the Expiration Time, to act as Shareholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Shareholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to applicable law), at every annual, special or adjourned meeting of the shareholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii) of the Merger Agreement) or Superior Proposal (as defined in Section 5.3(a)(iii) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Shareholder may vote the Shares on all other matters.

All authority herein conferred shall survive the death or incapacity of Shareholder and any obligation of Shareholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Shareholder.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of the Company. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

John Morelli

"*John Morelli*"
(Signature of Shareholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Shareholder exercises voting power on the date hereof:

1,228,571 Company Common Shares
50,000 Company Options

VOTING AGREEMENT AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT AND IRREVOCABLE PROXY (the "**Agreement**") is made effective as of the 15th of May, 2014

BETWEEN:

Peter Ashkin
(the "**Shareholder**")

- and –

SPHERE 3D CORPORATION
(the "**Company**")

WHEREAS:

A. On May 15, 2014, the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("***Sub***") and Overland Storage, Inc. ("***Overland***") to enter into that certain Agreement and Plan of Merger (the "***Merger Agreement***"), pursuant to which Sub will merge with and into Overland (the "***Merger***"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company; and

B. The Shareholder is a significant shareholder of the Company, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 30,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

C. The Shareholder understands and acknowledges that the Company, Sub and Overland are entitled to rely on (i) the truth and accuracy of Shareholder's representations contained herein and (ii) Shareholder's performance of the obligations set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

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1. Support Obligations

(a) Prior to the Expiration Time (as defined herein) and subject to the Shareholder's fiduciary duties at law (to the extent such Shareholder is a director or officer of the Company or Sub), at every meeting of the shareholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the shareholders of Overland with respect to any of the following matters, the Shareholder shall vote the Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) In addition to the terms defined elsewhere herein, the following terms, as used herein, have the following meanings when used herein with initial capital letters:

(i) "**Alternative Transaction Proposal**" has the meaning as defined in Section 5.3(a)(ii) of the Merger Agreement;

(ii) "**Expiration Time**" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015; and

(iii) "**Superior Offer**" has the meaning as defined in Section 5.3(a)(iii) of the Merger Agreement

2. Grant of Proxy

(a) Concurrently with the execution and delivery of this Agreement, Shareholder shall deliver to the Company a duly executed proxy in the form attached hereto as Exhibit A (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of shareholders of the Company or action or approval by written resolution or consent of shareholders of the Company with respect to the matters contemplated by Section 1(a) covering the total number of Shares in respect of which Shareholder is entitled to vote at any such meeting or in connection with any such written consent.

(b) The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this Agreement or with the prior written consent of the Company, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement. Notwithstanding, the Company shall be authorized to make all necessary public filings or disclosure of this Agreement in accordance with applicable law.

5. Termination

This Agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, at the Expiration Tine.

6. General

This Agreement may not be assigned by the Shareholder without the prior written consent of the Company. This agreement may not be assigned by the Company without the prior written consent of the Shareholder.

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party’s anticipated benefits under this Agreement.

Time will be of the essence of this Agreement.

This Agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

"*Peter Ashkin*"
Name: Peter Ashkin

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

EXHIBIT A

**IRREVOCABLE PROXY
TO VOTE SHARES OF
SPHERE 3D CORPORATION**

The undersigned shareholder ("**Shareholder**") of Sphere 3D Corporation, an Ontario corporation (the "**Company**"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints T. Scott Worthington, the Chief Financial Officer of the Company, or any other designee of the Company, as the sole and exclusive attorney and proxy of Shareholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Shareholder is entitled to do so) with respect to all of the shares of the Company that now are or hereafter may be beneficially owned by Shareholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Shareholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. It is acknowledged that no provision in this Proxy shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this Proxy will not apply with respect to such sold or transferred Shares.

Upon Shareholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Shareholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Shareholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between the Company and Shareholder (the "**Voting Agreement**"), and is granted in consideration of the Company and Overland Storage Inc., a California corporation ("**Overland**"), entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "**Merger Agreement**"), by and among the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("**Sub**") and Overland, pursuant to which Sub will merge with and into Overland (the "**Merger**"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Shareholder, at any time prior to the Expiration Time, to act as Shareholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Shareholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to applicable law), at every annual, special or adjourned meeting of the shareholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii) of the Merger Agreement) or Superior Proposal (as defined in Section 5.3(a)(iii) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Shareholder may vote the Shares on all other matters.

All authority herein conferred shall survive the death or incapacity of Shareholder and any obligation of Shareholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Shareholder.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of the Company. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Peter Ashkin

"*Peter Ashkin*"
(Signature of Shareholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Shareholder exercises voting power on the date hereof:

30,000 Company Common Shares
170,000 Company Options

VOTING AGREEMENT AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT AND IRREVOCABLE PROXY (the "**Agreement**") is made effective as of the 15th of May, 2014

BETWEEN:

Glenn Bowman
(the "**Shareholder**")

- and –

SPHERE 3D CORPORATION
(the "**Company**")

WHEREAS:

A. On May 15, 2014, the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("***Sub***") and Overland Storage, Inc. ("***Overland***") to enter into that certain Agreement and Plan of Merger (the "***Merger Agreement***"), pursuant to which Sub will merge with and into Overland (the "***Merger***"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company; and

B. The Shareholder is a significant shareholder of the Company, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 25,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

C. The Shareholder understands and acknowledges that the Company, Sub and Overland are entitled to rely on (i) the truth and accuracy of Shareholder's representations contained herein and (ii) Shareholder's performance of the obligations set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

1. Support Obligations

(a) Prior to the Expiration Time (as defined herein) and subject to the Shareholder's fiduciary duties at law (to the extent such Shareholder is a director or officer of the Company or Sub), at every meeting of the shareholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the shareholders of Overland with respect to any of the following matters, the Shareholder shall vote the Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction_Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) In addition to the terms defined elsewhere herein, the following terms, as used herein, have the following meanings when used herein with initial capital letters:

(i) "**Alternative Transaction Proposal**" has the meaning as defined in Section 5.3(a)(ii) of the Merger Agreement;

(ii) "**Expiration Time**" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015; and

(iii) "**Superior Offer**" has the meaning as defined in Section 5.3(a)(iii) of the Merger Agreement

2. Grant of Proxy

(a) Concurrently with the execution and delivery of this Agreement, Shareholder shall deliver to the Company a duly executed proxy in the form attached hereto as Exhibit A (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of shareholders of the Company or action or approval by written resolution or consent of shareholders of the Company with respect to the matters contemplated by Section 1(a) covering the total number of Shares in respect of which Shareholder is entitled to vote at any such meeting or in connection with any such written consent.

(b) The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this Agreement or with the prior written consent of the Company, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement. Notwithstanding, the Company shall be authorized to make all necessary public filings or disclosure of this Agreement in accordance with applicable law.

5. Termination

This Agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, at the Expiration Tine.

6. General

This Agreement may not be assigned by the Shareholder without the prior written consent of the Company. This agreement may not be assigned by the Company without the prior written consent of the Shareholder.

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party’s anticipated benefits under this Agreement.

Time will be of the essence of this Agreement.

This Agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

"*Glenn Bowman*"
Name: Glenn Bowman

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE SHARES OF
SPHERE 3D CORPORATION

The undersigned shareholder ("**Shareholder**") of Sphere 3D Corporation, an Ontario corporation (the "**Company**"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints T. Scott Worthington, the Chief Financial Officer of the Company, or any other designee of the Company, as the sole and exclusive attorney and proxy of Shareholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Shareholder is entitled to do so) with respect to all of the shares of the Company that now are or hereafter may be beneficially owned by Shareholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Shareholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. It is acknowledged that no provision in this Proxy shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this Proxy will not apply with respect to such sold or transferred Shares.

Upon Shareholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Shareholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Shareholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between the Company and Shareholder (the "**Voting Agreement**"), and is granted in consideration of the Company and Overland Storage Inc., a California corporation ("**Overland**"), entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "**Merger Agreement**"), by and among the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("**Sub**") and Overland, pursuant to which Sub will merge with and into Overland (the "**Merger**"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Shareholder, at any time prior to the Expiration Time, to act as Shareholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Shareholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to applicable law), at every annual, special or adjourned meeting of the shareholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii) of the Merger Agreement) or Superior Proposal (as defined in Section 5.3(a)(iii) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Shareholder may vote the Shares on all other matters.

All authority herein conferred shall survive the death or incapacity of Shareholder and any obligation of Shareholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Shareholder.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of the Company. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Glenn Bowman

"*Glenn Bowman*"
(Signature of Shareholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Shareholder exercises voting power on the date hereof:

25,000 Company Common Shares
170,000 Company Options

VOTING AGREEMENT AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT AND IRREVOCABLE PROXY (the "**Agreement**") is made effective as of the 15th of May, 2014

BETWEEN:

Jason Meretsky______________
(the "**Shareholder**")

- and –

SPHERE 3D CORPORATION
(the "**Company**")

WHEREAS:

A. On May 15, 2014, the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("***Sub***") and Overland Storage, Inc. ("***Overland***") to enter into that certain Agreement and Plan of Merger (the "***Merger Agreement***"), pursuant to which Sub will merge with and into Overland (the "***Merger***"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company; and

B. The Shareholder is a significant shareholder of the Company, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 25,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

C. The Shareholder understands and acknowledges that the Company, Sub and Overland are entitled to rely on (i) the truth and accuracy of Shareholder's representations contained herein and (ii) Shareholder's performance of the obligations set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

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1. <u>Support Obligations</u>

(a) Prior to the Expiration Time (as defined herein) and subject to the Shareholder's fiduciary duties at law (to the extent such Shareholder is a director or officer of the Company or Sub), at every meeting of the shareholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the shareholders of Overland with respect to any of the following matters, the Shareholder shall vote the Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) In addition to the terms defined elsewhere herein, the following terms, as used herein, have the following meanings when used herein with initial capital letters:

(i) "**Alternative Transaction Proposal**" has the meaning as defined in Section 5.3(a)(ii) of the Merger Agreement;

(ii) "**Expiration Time**" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015; and

(iii) "**Superior Offer**" has the meaning as defined in Section 5.3(a)(iii) of the Merger Agreement

2. <u>Grant of Proxy</u>

(a) Concurrently with the execution and delivery of this Agreement, Shareholder shall deliver to the Company a duly executed proxy in the form attached hereto as <u>Exhibit A</u> (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of shareholders of the Company or action or approval by written resolution or consent of shareholders of the Company with respect to the matters contemplated by Section 1(a) covering the total number of Shares in respect of which Shareholder is entitled to vote at any such meeting or in connection with any such written consent.

(b) The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this Agreement or with the prior written consent of the Company, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement. Notwithstanding, the Company shall be authorized to make all necessary public filings or disclosure of this Agreement in accordance with applicable law.

5. Termination

This Agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, at the Expiration Tine.

6. General

This Agreement may not be assigned by the Shareholder without the prior written consent of the Company. This agreement may not be assigned by the Company without the prior written consent of the Shareholder.

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party’s anticipated benefits under this Agreement.

Time will be of the essence of this Agreement.

This Agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

"*Jason Meretsky*"
Name: Jason Meretsky

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE SHARES OF
SPHERE 3D CORPORATION

The undersigned shareholder ("**Shareholder**") of Sphere 3D Corporation, an Ontario corporation (the "**Company**"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints T. Scott Worthington, the Chief Financial Officer of the Company, or any other designee of the Company, as the sole and exclusive attorney and proxy of Shareholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Shareholder is entitled to do so) with respect to all of the shares of the Company that now are or hereafter may be beneficially owned by Shareholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Shareholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. It is acknowledged that no provision in this Proxy shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this Proxy will not apply with respect to such sold or transferred Shares.

Upon Shareholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Shareholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Shareholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between the Company and Shareholder (the "**Voting Agreement**"), and is granted in consideration of the Company and Overland Storage Inc., a California corporation ("**Overland**"), entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "**Merger Agreement**"), by and among the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("**Sub**") and Overland, pursuant to which Sub will merge with and into Overland (the "**Merger**"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Shareholder, at any time prior to the Expiration Time, to act as Shareholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Shareholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to applicable law), at every annual, special or adjourned meeting of the shareholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii) of the Merger Agreement) or Superior Proposal (as defined in Section 5.3(a)(iii) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Shareholder may vote the Shares on all other matters.

All authority herein conferred shall survive the death or incapacity of Shareholder and any obligation of Shareholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Shareholder.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of the Company. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Jason Meretsky

"*Jason Meretsky*"
(Signature of Shareholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Shareholder exercises voting power on the date hereof:

25,000 Company Common Shares
300,000 Company Options

VOTING AGREEMENT AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT AND IRREVOCABLE PROXY (the "**Agreement**") is made effective as of the 15th of May, 2014

BETWEEN:

Peter Tassiopoulos
(the "**Shareholder**")

- and –

SPHERE 3D CORPORATION
(the "**Company**")

WHEREAS:

A. On May 15, 2014, the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("***Sub***") and Overland Storage, Inc. ("***Overland***") to enter into that certain Agreement and Plan of Merger (the "***Merger Agreement***"), pursuant to which Sub will merge with and into Overland (the "***Merger***"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company; and

B. The Shareholder is a significant shareholder of the Company, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 100,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

C. The Shareholder understands and acknowledges that the Company, Sub and Overland are entitled to rely on (i) the truth and accuracy of Shareholder's representations contained herein and (ii) Shareholder's performance of the obligations set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

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1. Support Obligations

(a) Prior to the Expiration Time (as defined herein) and subject to the Shareholder's fiduciary duties at law (to the extent such Shareholder is a director or officer of the Company or Sub), at every meeting of the shareholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the shareholders of Overland with respect to any of the following matters, the Shareholder shall vote the Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) In addition to the terms defined elsewhere herein, the following terms, as used herein, have the following meanings when used herein with initial capital letters:

(i) "**Alternative Transaction Proposal**" has the meaning as defined in Section 5.3(a)(ii) of the Merger Agreement;

(ii) "**Expiration Time**" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015; and

(iii) "**Superior Offer**" has the meaning as defined in Section 5.3(a)(iii) of the Merger Agreement

2. Grant of Proxy

(a) Concurrently with the execution and delivery of this Agreement, Shareholder shall deliver to the Company a duly executed proxy in the form attached hereto as Exhibit A (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of shareholders of the Company or action or approval by written resolution or consent of shareholders of the Company with respect to the matters contemplated by Section 1(a) covering the total number of Shares in respect of which Shareholder is entitled to vote at any such meeting or in connection with any such written consent.

(b) The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this Agreement or with the prior written consent of the Company, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. No Restriction on Sale

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. Disclosure

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement. Notwithstanding, the Company shall be authorized to make all necessary public filings or disclosure of this Agreement in accordance with applicable law.

5. Termination

This Agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, at the Expiration Tine.

6. General

This Agreement may not be assigned by the Shareholder without the prior written consent of the Company. This agreement may not be assigned by the Company without the prior written consent of the Shareholder.

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party’s anticipated benefits under this Agreement.

Time will be of the essence of this Agreement.

This Agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

"*Peter Tassiopoulos*"
Name: Peter Tassiopoulos

SPHERE 3D CORPORATION

By: "*T. Scott Worthington*"
T. Scott Worthington
Chief Financial Officer

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE SHARES OF
SPHERE 3D CORPORATION

The undersigned shareholder ("**Shareholder**") of Sphere 3D Corporation, an Ontario corporation (the "**Company**"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints T. Scott Worthington, the Chief Financial Officer of the Company, or any other designee of the Company, as the sole and exclusive attorney and proxy of Shareholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Shareholder is entitled to do so) with respect to all of the shares of the Company that now are or hereafter may be beneficially owned by Shareholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Shareholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. It is acknowledged that no provision in this Proxy shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this Proxy will not apply with respect to such sold or transferred Shares.

Upon Shareholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Shareholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Shareholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between the Company and Shareholder (the "**Voting Agreement**"), and is granted in consideration of the Company and Overland Storage Inc., a California corporation ("**Overland**"), entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "**Merger Agreement**"), by and among the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("**Sub**") and Overland, pursuant to which Sub will merge with and into Overland (the "**Merger**"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Shareholder, at any time prior to the Expiration Time, to act as Shareholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Shareholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to applicable law), at every annual, special or adjourned meeting of the shareholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii) of the Merger Agreement) or Superior Proposal (as defined in Section 5.3(a)(iii) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Shareholder may vote the Shares on all other matters.

All authority herein conferred shall survive the death or incapacity of Shareholder and any obligation of Shareholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Shareholder.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of the Company. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

Peter Tassiopoulos

"*Peter Tassiopoulos*"
(Signature of Shareholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Shareholder exercises voting power on the date hereof:

100,000 Company Common Shares
200,000 Company Options

VOTING AGREEMENT AND IRREVOCABLE PROXY

THIS VOTING AGREEMENT AND IRREVOCABLE PROXY (the "**Agreement**") is made effective as of the 15th of May, 2014

BETWEEN:

Scott Worthington
(the "**Shareholder**")

- and –

SPHERE 3D CORPORATION
(the "**Company**")

WHEREAS:

A. On May 15, 2014, the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("***Sub***") and Overland Storage, Inc. ("***Overland***") to enter into that certain Agreement and Plan of Merger (the "***Merger Agreement***"), pursuant to which Sub will merge with and into Overland (the "***Merger***"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company; and

B. The Shareholder is a significant shareholder of the Company, and he/she/it (together with persons in respect of whom he/she/it exercises control or direction) is currently the registered owner of, and exercises control and direction over, 50,000 Common Shares (together with any Common Shares which may hereafter be purchased or acquired by the Shareholder and persons in respect of whom he exercises control or direction, the "**Shares**").

C. The Shareholder understands and acknowledges that the Company, Sub and Overland are entitled to rely on (i) the truth and accuracy of Shareholder's representations contained herein and (ii) Shareholder's performance of the obligations set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and upon and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

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1. Support Obligations

(a) Prior to the Expiration Time (as defined herein) and subject to the Shareholder's fiduciary duties at law (to the extent such Shareholder is a director or officer of the Company or Sub), at every meeting of the shareholders of the Company called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent or resolution of the shareholders of Overland with respect to any of the following matters, the Shareholder shall vote the Shares in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction_Proposal or Superior Offer and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

(b) In addition to the terms defined elsewhere herein, the following terms, as used herein, have the following meanings when used herein with initial capital letters:

(i) "**Alternative Transaction Proposal**" has the meaning as defined in Section 5.3(a)(ii) of the Merger Agreement;

(ii) "**Expiration Time**" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015; and

(iii) "**Superior Offer**" has the meaning as defined in Section 5.3(a)(iii) of the Merger Agreement

2. Grant of Proxy

(a) Concurrently with the execution and delivery of this Agreement, Shareholder shall deliver to the Company a duly executed proxy in the form attached hereto as Exhibit A (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the Expiration Time, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of shareholders of the Company or action or approval by written resolution or consent of shareholders of the Company with respect to the matters contemplated by Section 1(a) covering the total number of Shares in respect of which Shareholder is entitled to vote at any such meeting or in connection with any such written consent.

(b) The Shareholder hereby agrees that he/she/it shall not, except in accordance with the terms of this Agreement or with the prior written consent of the Company, grant or agree to grant any proxy or other right to vote the Shares, or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the right to vote on the matters set forth in Section 1 hereof.

3. <u>No Restriction on Sale</u>

It is acknowledged that no provision in this agreement shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this agreement will terminate and be of no further force or effect.

4. <u>Disclosure</u>

The parties will consult each other before making any public disclosure of, or any announcement pertaining to, this agreement. Notwithstanding, the Company shall be authorized to make all necessary public filings or disclosure of this Agreement in accordance with applicable law.

5. <u>Termination</u>

This Agreement will terminate and be of no further force or effect, and the Shareholder will be released from his/her/its obligations hereunder, at the Expiration Tine.

6. <u>General</u>

This Agreement may not be assigned by the Shareholder without the prior written consent of the Company. This agreement may not be assigned by the Company without the prior written consent of the Shareholder.

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party’s anticipated benefits under this Agreement.

Time will be of the essence of this Agreement.

This Agreement may be executed in one or more counterparts (whether by facsimile signature or otherwise), each of which will constitute an original and all of which together will constitute one and the same agreement.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

"*T. Scott Worthington*"
Name: T. Scott Worthington

SPHERE 3D CORPORATION

By: "*Mario Biasini*"
Mario Biasini
President

EXHIBIT A

IRREVOCABLE PROXY
TO VOTE SHARES OF
SPHERE 3D CORPORATION

The undersigned shareholder ("**Shareholder**") of Sphere 3D Corporation, an Ontario corporation (the "**Company**"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints T. Scott Worthington, the Chief Financial Officer of the Company, or any other designee of the Company, as the sole and exclusive attorney and proxy of Shareholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Shareholder is entitled to do so) with respect to all of the shares of the Company that now are or hereafter may be beneficially owned by Shareholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Shareholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. It is acknowledged that no provision in this Proxy shall restrict in any way the Shareholder from selling, disposing or otherwise transferring the Shares to a third party, whereupon this Proxy will not apply with respect to such sold or transferred Shares.

Upon Shareholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Shareholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Shareholder agrees not to grant any subsequent proxies with respect to such subject matter or enter into any agreement or understanding with any Person (as defined in the Merger Agreement (as defined below)) to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy until after the Expiration Time (as defined below).

Until the Expiration Time, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between the Company and Shareholder (the "**Voting Agreement**"), and is granted in consideration of the Company and Overland Storage Inc., a California corporation ("**Overland**"), entering into that certain Agreement and Plan of Merger, dated as of the date hereof (the "**Merger Agreement**"), by and among the Company, S3D Acquisition Company, a California corporation and wholly owned subsidiary of the Company ("**Sub**") and Overland, pursuant to which Sub will merge with and into Overland (the "**Merger**"), and Overland will survive the Merger and become a wholly owned subsidiary of the Company. As used herein, the term "***Expiration Time***" shall mean the earliest to occur of (A) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the Shareholder becomes aware that the Company has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the Shareholder to enter into this Agreement (D) such date and time designated by the Company in a written notice to Shareholder, (E) the Company determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Company in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Company in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Company is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Shareholder, at any time prior to the Expiration Time, to act as Shareholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Shareholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to applicable law), at every annual, special or adjourned meeting of the shareholders of the Company and in every written consent in lieu of such meeting as follows: in favor of approval of the Merger, approval and adoption of the Merger Agreement and the Certificate of Merger and any matter that could reasonably be expected to facilitate the Merger, and against any Alternative Transaction Proposal (as defined in Section 5.3(a)(ii) of the Merger Agreement) or Superior Proposal (as defined in Section 5.3(a)(iii) of the Merger Agreement) and any other matter that could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger or any of the transactions contemplated by the Merger Agreement.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Shareholder may vote the Shares on all other matters.

All authority herein conferred shall survive the death or incapacity of Shareholder and any obligation of Shareholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Shareholder.

[SIGNATURE PAGE FOLLOWS]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of the Company. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically upon the Expiration Time.

Dated: May 15, 2014

T. Scott Worthington

"*T. Scott Worthington*"
(Signature of Shareholder)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Shareholder exercises voting power on the date hereof:

50,000 Company Common Shares
275,000 Company Options

MANAGEMENT DISCUSSION & ANALYSIS

Ontario Securities Commission FORM 51-102F1

ISSUER DETAILS

FOR QUARTER ENDED	**March 31, 2014**
DATE OF REPORT	**May 30, 2014**
NAME OF ISSUER	**Sphere 3D Corporation**
ISSUER ADDRESS	**240 Matheson Blvd. East Mississauga, ON L4Z 1X1**
ISSUER TELEPHONE NUMBER	**(416) 749-5999**
CONTACT PERSON	**Peter Tassiopoulos**
CONTACT POSITION	**CEO**
CONTACT TELEPHONE NUMBER	**(416) 749-5999**
CONTACT EMAIL ADDRESS	**peter.tassiopoulos@sphere3d.com**
WEB SITE ADDRESS	**www.sphere3d.com**

FORM 51-102F1

SPHERE 3D CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2014

Sphere 3D Corporation is a virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator management software for VDI.

This Management's Discussion and Analysis includes the financial results of the Company, its wholly-owned subsidiaries, V3 Systems Holding, Inc., which was incorporated in the State of Delaware on January 14, 2014, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 and is listed on the TSXV, under the trading symbol "ANY" and quoted on the OTCQX under the trading symbol "SPIHF". The Company has its main and registered office at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1 and maintains an office at 12159 South Business Park Drive, Suite 140, Draper, Utah 84020.

ADVISORY

This Management's Discussion and Analysis ("MD&A") comments on the financial condition and operations of Sphere 3D Corporation ("Sphere 3D" or the "Company"), for the three months ended March 31, 2014 and updates our MD&A for fiscal 2013. The information contained herein should be read in conjunction with the condensed consolidated financial statements for the three months ended March 31, 2014.

The Company prepares its condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as set out in the Handbook of The Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has reported on this basis in these consolidated interim financial statements. All financial information contained in this MD&A and in the unaudited condensed consolidated financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The quarterly unaudited condensed consolidated financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors on May 27, 2014.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed herein, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Sphere 3D is a technology company that delivers solutions that streamline and simplify computing life. The Company's technology enhances the user experience of both legacy and current applications and empowers users to gain access to these applications from devices of their choosing.

Over the last five years, Sphere 3D has designed a proprietary platform, namely Glassware 2.0™ , for the delivery of applications from a server-based computing architecture. The Company has taken a unique approach in that it has built its technology platform without the use of a hypervisor and instead has designed its own microvisor. One of the benefits of this approach is the ability to deliver multiple application sessions on either a single server or through clusters of servers without the requirement to deliver complete virtual desktop infrastructure. Through Glassware 2.0 ™, the process for "porting" and "publishing" applications is streamlined to the point that its practically automated, requiring very little administration input.

On March 21, 2014, the Company acquired the Virtual Desktop Infrastructure technology ("VDI technology") of V3 Systems, Inc. including the Desktop Cloud Orchestrator® virtualization management software which allows administrators to manage local, cloud hosted, or hybrid virtual desktop deployments as well as the V3 Appliances; a series of purpose-built, compact, efficient and easy-to-manage servers.

The Company's Glassware 2.0 ™ architecture and unique "application only" virtualization, coupled with complementary software from its acquisition of the VDI technology, enables the Company and its partners to deliver unmatched flexibility within the industry and a wide array of deployment options.

Since inception, the Company has invested the majority of its capital in the design, development and testing of its technology, with the majority of employees and financial resources allocated to such functions. In 2014, the Company has transitioned its focus from entirely a research and design organization to a commercial enterprise, through an increased investment in sales and marketing resources.

Business Highlights

- Completed acquisition of the Virtual Desktop Infrastructure technology (“VDI technology”) of V3 Systems, Inc., a privately held virtualization company, including the V3 Appliances design, Desktop Cloud Orchestrator™ (“DCO”) software and other Intellectual Property related to the VDI technology.

- Hired certain key individuals including Mr. Stoney Hall, to head Global Sales, and former founder of V3 Systems, Mr. Peter Bookman, who is taking on responsibility, amongst other things, for accelerating the building of the Company’s Intellectual Property Portfolio;

- Converted 3 provisional patents to full patent fillings in Q1 2014; bringing the total number of full patent filings to 12;

- Recognized over $1 million in revenue in Q1 from Glassware 2.0™ licenses, V3 Appliances, Professional Services and Desktop Cloud Orchestrator™, including the Company’s first Desktop as a Service (“DaaS”) agreement, with an international services company;

- Derived revenue from customers in Canada, United States, Europe and elsewhere; verticals sold to in Q1 2014 include Government, Construction and Financial Services;

- Finalized partnership with Dell to integrate the Glassware 2.0™ platform and DCO software, with Dell DRIVE;

- Signed a collaboration agreement with Novarad Corporation. The Collaboration agreement will allow Sphere 3D and Novarad to offer an on premise appliance for the delivery of Novarad software to healthcare providers; without the requirement to refresh workstation hardware. By delivering an Infrastructure as a Service (“IaaS”) offering, customers can take advantage of a prebuilt solution based on a verified architecture that reduces deployment risk and accelerates time to availability.

- Expanded relationship in Q1 2014 with Corel beyond previously announced VAR and Distribution agreements. Provided Glassware 2.0 as a platform for WordPerfect™ X7 companion iPad offering. Corel is estimated to have over 100 million active retail users in 75 countries;

- Raised USD $5 Million through the sale of a senior secured 8% convertible debenture, convertible at USD $7.50 per share.

Sales and Marketing

The Company intends to focus the majority of sales efforts through an indirect sales channel in order to achieve the greatest possible impact with the least possible start-up costs. This indirect channel includes licensees, resellers, independent software vendors ("ISVs") and systems integrators.

The Company's software is delivered through a Software as a Service ("SaaS") model with maintenance to end-user customers included as well as under a perpetual license.

In establishing prices for the Company's products, the Company considers the value of the products and solutions in comparison to other industry virtualization and hardware solutions and strives to deliver the lowest total cost of ownership where possible.

Having just recently commenced marketing efforts, the Company intends to invest throughout 2014 on communicating the benefits of Glassware 2.0™ while training Company licensees, resellers, ISVs as well as educating the media and industry analysts about the unique value proposition associated with deploying the Company's technology as a virtualization platform.

Subsequent Event

On May 15, 2014, the Company signed an Agreement to acquire all the securities of Overland Storage, Inc. through the merger of Overland with a wholly owned subsidiary of the Company. The acquisition is the culmination of the ongoing expansion of the relationship between Sphere 3D and Overland, which had included expanding the existing supply and license agreements to include V3 appliances, DCO and collaboration on additional IP creation. Overland's completed purchase of Tandberg Data in Q1 2014 gives Sphere 3D access to a combined channel of over 19,000 resellers, multiple distributers and OEMs as well as a customer install base that exceeds 1,000,000 units.

To support the acquisition of Overland Storage, the Company signed a $10 Million bought deal financing with a syndicate of investment firms lead by Cormark Securities, and including Jacob Securities and Paradigm Capital. The financing is scheduled to close on June 3.

Proprietary Protection

Sphere 3D has designed and maintains its virtualization platform. The Company will be relying on a combination of patents, trademarks, trade secret and copyright laws, as well as contractual restrictions, to protect the proprietary aspects of its products and services. Although every effort is made to protect Sphere 3D's intellectual property, these legal protections may only afford limited protection. Sphere 3D intends to continue to selectively pursue patenting of further technology developed in the future.

Sphere 3D has filed, or obtained through its acquisition of the VDI technology, the following patents in the United States, each of which is pending registration:

13/175,766	Intermediation of hypervisor file system and storage device models
13/175,771	Virtual Machine Allocation internal and external to physical environment
13/250,836	Migration of Virtual Machine Pool
13/741,884	Systems and Methods of Optimizing Resources for Emulation
13/742,585	Systems and Methods of Managing Access to Remote Resources
13/742,632	Systems and Methods for Managing Emulation Sessions
61/806,048	Systems and Methods for Providing an Emulator
61/806,054	Systems and Methods for Managing Emulation Resources
61/806,059	Systems and Methods for Accessing Remote Resources for Emulation

Sphere 3D has filed the following patents in Canada, each of which is pending registration:

2,764,283	Mobile Device Control Application for Improved Security and Diagnostics
2,764,354	Host-Emulator Bridge System and Method
2,764,362	RDP Session Monitor/Control System and Application

Sphere 3D has acquired the following PCT patent applications:

12/27007	Migration of virtual machine pool
12/27010	Automated adjustment of cluster policy
12/43187	Virtual Machine Allocation internal and external to physical environment
12/43183	Intermediation of hypervisor file system and storage device models

Sphere 3D has filed the following trademarks in Canada:

1600132	GLASSWARE 2.0
1615670	SPHERE 3D
1617275	ANY APP, ANY DEVICE, ANYTIME

Sphere 3D has acquired the following trademarks in the US:

4,086,758	V3
4,135,466	V3 (a stylized version)
4,288,340	V3 Desktop Cloud Orchestrator

Sphere 3D may continue to file for patents regarding aspects of its platform, services and delivery method at a later date depending on the costs and timing associated with filing. The Company may make investments to further strengthen its copyright protection going forward, although no assurances can be given that it will be successful in such patent and trademark protection endeavours. Sphere 3D seeks to limit disclosure of its intellectual property by requiring employees, consultants, and partners with access to its proprietary platform and information to execute confidentiality agreements and non-competition agreements and by restricting access to Sphere 3D proprietary information. Due to rapid technological change, Sphere 3D believes that factors such as the expertise and technological and creative skills of our personnel, new services and enhancements to our existing services are more important to establish and maintain an industry and technology advantage than other available legal protections

Despite Sphere 3D's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of its services or to obtain and use information that Sphere 3D regards as proprietary. The laws of many countries do not protect proprietary rights to the same extent as the laws of the United States or Canada. Litigation may be necessary in the future to enforce Sphere 3D's intellectual property rights, to protect Sphere 3D's trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on Sphere 3D's business, operating results and financial condition. There can be no assurance that Sphere 3D's means of protecting its proprietary rights will be adequate or that our competitors will not independently develop similar services or products. Any failure by Sphere 3D to adequately protect its intellectual property could have a material adverse effect on its business, operating results and financial condition.

SEGMENTED INFORMATION

The Company’s product development, sales, and marketing operations are conducted from its offices in Mississauga, ON, Canada and Draper, Utah. The Company’s operations focus on one market segment, Cloud Computing and Virtualization, including the development, and sale of Sphere 3D’s “Glassware 2.0™” virtualization platform the V3 Desktop Cloud Orchestrator ™ management software and purpose-built VDI servers.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarters Ended March 31, 2014 and 2013

The table below sets out certain selected financial information regarding the consolidated operations of Sphere 3D for the periods indicated. The selected financial information has been prepared in accordance with IFRS. This information is taken from and should be read in conjunction with Sphere 3D's financial statements and related notes:

	3 Months ended	
	March 31 2014 (unaudited)	March 31 2013 (unaudited)
Revenue	$ 1,005,334	$ -
Cost of goods sold	433,538	-
Gross margin	571,796	-
	56.9%	
Net comprehensive loss for the period	(384,401)	(645,287)
Loss per share	$ (0.02)	$ (0.04)

AS AT	March 31 2014 (unaudited)	December 31 2013 (unaudited)
Current assets	$ 8,285,992	$ 6,838,994
Non-current assets	18,954,054	2,057,198
Total assets	$ 27,464,046	$ 8,896,192
Current liabilities	$ 3,259,730	$ 982,770
Non-current liabilities	7,464,099	-
Total liabilities	$ 10,723,829	$ 982,770
Total equity	$ 16,516,217	$ 7,913,422

Sphere 3D has not declared any dividends since its incorporation. Sphere 3D does not anticipate paying cash dividends in the foreseeable future on its Sphere 3D Shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of Sphere 3D and will depend upon Sphere 3D's financial condition, results of operations, capital requirements and such other factors as the board of directors of Sphere 3D deems relevant.

Results of Operations

With first sales of the Company's Glassware 2.0 technology, V3 appliances and DCO software, the Company has moved from a development stage enterprise into full commercialization. This has provided revenue from hardware, software and software licensing.

During the quarter ended March 31, 2014, the Company incurred Cost of goods sold and operating costs of $1,377,956 compared to $646,700 for the three months ended March 31, 2013.

Cost of goods sold for the three months ended March 31, 2014 was $433,538 compared to $NIL for the three months ended March 31, 2013. The costs relate to hardware, licenses and support costs incurred to generate the revenue. There were no cost of sales related to the recognition of licensing fees; which creates higher gross margins than those that may be recognized in the future.

The Company has met the IFRS requirements for the deferral of development expenses and during the three months ended March 31, 2014 capitalized $700,532 in development costs compared to $44,843 for the three months ended March 31, 2013. Research and development costs for the three months ended March 31, 2014 and for the three months ended March 31, 2013 were at a comparable level which results in the appearance of a reduction in the growth of ongoing expenses on a comparative basis.

Salaries and consulting for the three months ended March 31, 2014 were $611,856 compared to $394,469 for the three months ended March 31, 2013. The Company expanded its staff, during the first quarter of 2014, with additions in sales, marketing and support and expects to add additional staff in sales, marketing and research & development throughout fiscal 2014.

Professional fees for the three months ended March 31, 2014 were $49,283 compared to $78,480 for the three months ended March 31, 2013. On an ongoing basis, Professional fees mainly relate to legal and audit fees, however during the first quarter of 2013 the Company incurred a significant charge related to recruiting as it acquired additional development staff.

General and administrative expenses for the three months ended March 31, 2014 were $144,518 compared to $82,965 for the three months ended March 31, 2013. The increase in general and administrative expenses, during the first quarter of 2014, was mainly the result of the Company's involvement in Tradeshows to promote its products. We expect to continue to see growth in these expenses throughout fiscal 2014.

Regulatory costs for the three months ended March 31, 2014 were $58,610 compared to $32,899 for the three months ended March 31, 2013. The Company began trading on the OTC-QX in October of 2013 which resulted in higher listing and maintenance fees. The Company has applied for a listing on the NASDAQ which is expected to be approved in the second quarter of 2014. The move to NASDAQ will increase regulatory costs going forward.

Financial and non-operating income during the three months ended March 31, 2014 decreased to $(11,779) compared to $1,413 for the three months ended March 31, 2013. The decrease was mainly the result of an increase in interest expense and a holding loss on investments offset by the strengthening of the Canadian dollar against the US dollar at the end of the quarter which resulted in an unrealized foreign exchange gain.

The net comprehensive loss for the three months ended March 31, 2014 was $384,401 or $0.02 per share compared with a net comprehensive loss in 2013 of $645,287 or $0.04 per share.

Financial Position

Sphere 3D's cash position increased during the three months ended March 31, 2014 by $1,590,216 compared to a decrease of $579,471 for the three months ended March 31, 2013. Operating activities required cash of $192,499 (2013 - $507,007), after adjustments for non-cash items and changes in other working capital balances. Investing activities required cash of $5,121,753 (2013 - $72,464), mostly related to the acquisition of the VDI technology, the development of Sphere 3D's technology and the acquisition of property and equipment to support Sphere 3D's ongoing development work. Sphere 3D received net cash of $6,904,468 (2013 - $Nil), after issue costs, from the closing of its debenture financing and the exercise of warrants and options.

Liquidity and Capital Resources

At March 31, 2014, Sphere 3D had cash of $7,141,004 and working capital of $5,026,262 compared to cash of $5,550,788 and working capital of $5,856,224 as at December 31, 2013.

Contractual Obligations

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company's facility in Mississauga, are as follows:

Contractual Obligation	**Payments Due by Period**				
	Total	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Office Lease	$ 123,000	$ 58,000	$ 65,000	$ -	$ -

Off-Balance Sheet Arrangements

None.

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 23,414,271 common shares were issued and outstanding as of the date of this MD&A.

Certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	Surplus Share Escrow		Value Share Escrow		Total	
	Number	**%**	**Number**	**%**	**Number**	**%**
Balance at December 21, 2012	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012[1]	232,750	5	430,625	10	663,375	7
Released - June 27, 2013	232,750	5	645,937	15	878,687	10
Released - December 27, 2013	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at March 31, 2014 and December 31, 2013	3,724,000	80	2,583,751	60	6,307,751	70
Future releases						
June 27, 2014	465,500	10	645,937	15	1,111,437	13
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	27
Total future releases	**3,724,000**	**80**	**2,583,751**	**60**	**6,307,751**	**70**

(1) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. As well, if the operations or development of the Intellectual Property or the business are discontinue then the unreleased securities held in the QT Escrow will be cancelled.

As of the date of this MD&A, the Company has warrants outstanding to purchase up to an aggregate of 1,483,786 common shares, at a total exercise price of $3,395,661.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 20% of the number of common shares outstanding as of the record date of the last Annual and Special meeting of shareholders , or 3,375,000 Options. As of the date of this MD&A, the Board of Directors has awarded options under the Option Plan to purchase up to an aggregate of 3,211,251 common shares, of which 301,251 have been exercised and 2,910,000 are issued and outstanding.

As part of the Company's acquisition of certain intangible assets, the Company shall pay an earn-out, based on achieving certain milestones in revenue and gross margin on the VDI technology, of up to a further USD $5.0 million, payable at the option of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at the 20-day weighted average trading price preceding the date(s) the earn-out is realized.

Assuming that all of the outstanding options and warrants are exercised and the maximum number of earn-out shares are issued, 28,859,471 common shares would be issued and outstanding on a fully diluted basis.

Quarterly Information

	Mar 2014	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012	Sep 2012	Jun 2012
Revenue	$ 1,005,334	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,700
Expenses	1,389,735	699,586	468,663	564,487	645,287	1,054,711	530,008	356,812
Net comprehensive loss	$ (384,401)	$ (699,586)	$ (468,663)	$ (564,487)	$ (645,287)	$ (1,054,711)	$ (530,008)	$ (355,112)
Loss per share	$ (0.02)	$ (0.04)	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.08)	$ (0.04)	$ (0.03)
Weighted average number of shares	21,691,980	19,867,824	17,187,594	16,114,339	16,114,339	13,736,923	11,869,813	11,050,569

	Mar 2014	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012
Cash	$ 7,141,004	$ 5,550,788	$ 1,394,704	$ 493,825	$ 1,053,863	$ 1,633,334
Total assets	$ 27,240,046	$ 8,896,192	$ 3,895,774	$ 1,901,272	$ 2,555,163	$ 3,210,719
Working capital	$ 5,026,262	$ 5,856,224	$ 1,841,935	$ 562,892	$ 1,077,889	$ 1,728,803

TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company include the Company's key management personnel and independent directors. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The compensation paid or payable to key management personnel is shown below:

		March 31 2014		March 31 2013
Salaries, fees and benefits	$	122,500	$	142,500
Share-based payments – management		-		18,500
Share-based payments – directors		-		-
	$	122,500	$	161,000

Legal services of $114,877 (2013 - $16,691) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at year end included in accounts payable total $176,025 (2013 - $22,500)

BOARD OF DIRECTORS AND MANAGEMENT CHANGES

On March 6, 2014, the Company appointed Mr. Peter Tassiopoulos, the Company's Chief Executive Officer, to the Company's Board of Directors. To make room on the Board for this new appointment, Mr. John Morelli stepped down as a director and officer of the Company. Mr. Morelli continues to focus on his role of leading the R&D and technology team at Sphere 3D.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying value of cash, investments, subscriptions receivable, sales tax receivable, prepaid and sundry assets and accounts payable and accrued liabilities approximate their fair values. For more detailed information please refer to Note 4 in the audited consolidated financial statements for the year ended December 31, 2013.

SUMMARY OF INVESTOR RELATIONS ACTIVITIES

No investor relations activities were undertaken by or on behalf of the Company during the period.

NEW ACCOUNTING STANDARDS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2013. Many are not applicable to, or do not have a significant impact on, the Corporation and have been excluded from the table below.

(i) IAS 32 – Financial Instruments

IAS 32 Financial Instruments: Presentation was amended by the IASB in December 2011. Offsetting Financial Assets and Financial Liabilities amendment addresses inconsistencies identified in applying some of the offsetting criteria. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(ii) IAS 36 – Impairment of Assets

IAS 36 Impairment of Assets was amended by the IASB in June 2013. Recoverable Amount Disclosures for Non-Financial Assets amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when the entity has already applied IFRS 13. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

IFRS 9 – Financial Instruments - IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018. Earlier application is permitted.

DISCLOSURE CONTROLS AND INTERNAL REPORTING

The Company has evaluated its internal controls over financial reporting and believes that as at December 31, 2013, its system of internal controls over financial reporting as defined under NI 52-109 is sufficiently designed and maintained to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

Certain weaknesses in its system are apparent. These weaknesses arise primarily from the limited number of personnel employed in the accounting and financial reporting areas, a situation that is common in many smaller companies. As a consequence of this situation it is not feasible to achieve the complete segregation of duties.

The Company believes these weaknesses are mitigated by the nature and present levels of activities and transactions within the Company being readily transparent; the active involvement of senior management and the Board of Directors in the affairs of the Company; open lines of communication within the Company and the thorough review of the Company's financial statements by senior management, the Audit Committee of the Board of Directors and the Company's auditors.

The senior officers will continue to monitor very closely all financial activities of the Company until the Company's budgets and workload will enable the hiring of additional staff for greater segregation. Nevertheless, these mitigating factors cannot eliminate the possibility that a material misstatement may occur as a result of the aforesaid weaknesses in the Company's internal controls over financial reporting. A cost effective system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

RISK AND UNCERTAINTY FACTORS

Risks Related to our Business

Limited Operating History

Sphere 3D is a development stage company which has a limited operating history and limited non-recurring revenues derived from operations. Significant expenditures have been focused on research and development to create the Glassware 2.0 ™ product offering. Sphere 3D's near-term focus has been in actively developing reference accounts and building sales, marketing and support capabilities. As a result of these and other factors, Sphere 3D may not be able to achieve, sustain or increase profitability on an ongoing basis.

Sphere 3D is subject to many risks common to development stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, technology, and market acceptance issues. There is no assurance that Sphere 3D will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of Sphere 3D's early stage of operations.

Problems Resulting from Rapid Growth

Sphere 3D will be pursuing, from the outset, a plan to market its platform throughout Canada, the United States and abroad and will require capital in order to meet these growth plans and there can be no assurances that the Corporations capital resources will enable Sphere 3D to meet these growth needs. The plan will place significant demands upon Sphere 3D, management, and resources. Besides attracting and maintaining qualified personnel, employees or contractors, Sphere 3D expects to require working capital and other financial resources to meet the needs of its planned growth. No assurance exists that the plans will be successful or that these items will be satisfactorily handled, and this may have material adverse consequence on the business of Sphere 3D.

Additional Financing May be Required

Sphere 3D may need additional financing to continue its operations. Financing may not be available to Sphere 3D on commercially reasonable terms, if at all, when needed. There is no assurance that Sphere 3D will be successful in raising additional capital or that the proceeds of any future financings will be sufficient to meet its future capital needs.

Impact of Competition

The technology industry, including emulation and virtualization software, is very dynamic with new technology and services being introduced by a range of players, from larger established companies to start-ups, on a frequent basis. Newer technology may render Sphere 3D's technology obsolete which would have a material, adverse effect on its business and results of operations. Sphere 3D will be competing with others offering similar products. If Sphere 3D's systems and technology fail to achieve or maintain market acceptance, or if new technologies are introduced by competitors that are more favorably received than Sphere 3D's technology, or are more cost-effective or provide legal exclusivity through patents or are otherwise able to render Sphere 3D's technology obsolete, Sphere 3D will experience a decline in demand which will result in lower sales performance and associated reductions in operating profits all of which would negatively affect stock prices for Sphere 3D.

Information Technology, Network and Data Security Risks

Sphere 3D faces security risks. Any failure to adequately address these risks could have an adverse effect on the business and reputation of Sphere 3D. Computer viruses, break-ins, or other security problems could lead to misappropriation of proprietary information and interruptions, delays, or cessation in service to clients.

Reliance on Third Parties

Sphere 3D relies on certain technology services provided to it by third parties, and there can be no assurance that these third party service providers will be available to Sphere 3D in the future on acceptable commercial terms or at all. If Sphere 3D were to lose one or more of these service providers, it may not be able to replace them in a cost effective manner, or at all. This could harm the business and results of operations of Sphere 3D.

Investment in Technological Innovation

If Sphere 3D fails to invest sufficiently in research and product development, its products could become less attractive to potential clients, which could have a material adverse effect on the results of operations and financial condition of Sphere 3D.

New Laws or Regulations

A number of laws and regulations may be adopted with respect to mobile phone services covering issues such as user privacy, "indecent" materials, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security. Adoption of any such laws or regulations might impact the ability of Sphere 3D to deliver increasing levels of technological innovation and will likely add to the cost of making its products, which would adversely affect its results of operations.

Retention or Maintenance of Key Personnel

There is no assurance that Sphere 3D can continuously attract, retain or maintain key personnel in a timely manner if the need arises, even though qualified replacements are believed by management to exist. Failure to have adequate personnel may materially harm the ability of Sphere 3D to operate. Sphere 3D considers the services of Peter Tassiopoulos, Chief Executive Officer and John Morelli, who heads the Company’s R&D and technology team, to be key to the operation of Sphere 3D. While there can be no assurances as to the continued retention of these individuals, Sphere 3D believes that they are heavily incentivized through stock ownership, options and other compensation, so that the risk of departure is low.

Conflicts of Interest

Sphere 3D may contract with affiliated parties or other companies or members of management of Sphere 3D or companies whose members of management own, or control. These persons may obtain compensation and other benefits in transactions relating to Sphere 3D. Certain members of management of Sphere 3D will have other minor business activities other than the business of Sphere 3D, but each member of management intends to devote substantially all of their working hours to Sphere 3D. Although management intends to act fairly, there can be no assurance that Sphere 3D will not possibly enter into arrangements under terms one could argue are less favorable than what could have been obtained had Sphere 3D or any other company had been dealing with unrelated persons.

Proprietary Rights Could Be Subject to Suits or Claims

No assurance exists that Sphere 3D or any Company with which it transacts business, can or will be successful in pursuing protection of proprietary rights such as business names, logos, marks, ideas, inventions, and technology which may be acquired over time. In many cases, governmental registrations may not be available or advisable, considering legalities and expense, and even if registrations are obtained, adverse claims or litigation could occur.

Lack of Control in Transactions

Management of Sphere 3D intends to retain other companies to perform various services, but may not be in a position to control or direct the activities of the parties with whom it transacts business. Success of Sphere 3D may be subject to, among other things, the success of such other parties, with each being subject to their own risks.

No Guarantee of Success

Sphere 3D, as well as those companies with which it intends to transact business, have significant business purchases, advertising, and operational plans pending and is/are, therefore, subject to various risks and uncertainties as to the outcome of these plans. No guarantee exists that Sphere 3D, or any company with which it transacts business, will be successful.

Possibility of Significant Fluctuations in Operating Results

Sphere 3D's revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to: access to funds for working capital and market acceptance of its services.

Revenues and operating results may also fluctuate based upon the number and extent of potential financing activities in the future. Thus, there can be no assurance that Sphere 3D will be able to reach profitability on a quarterly or annual basis.

Sphere 3D has not arranged for any independent market studies to validate the business plan and no outside party has made available results of market research with respect to the extent to which clients are likely to utilize its service or the probable market demand for its services. Plans of Sphere 3D for implementing its business strategy and achieving profitability are based upon the experience, judgment and assumptions of its key management personnel, and upon available information concerning the communications and technology industries. Management does not have experience in the anti-virus industry. If management's assumptions prove to be incorrect, Sphere 3D will not be successful in establishing its technology business.

Financial, Political or Economic Conditions

Sphere 3D may be subject to additional risks associated with doing business in foreign countries.

Sphere 3D currently operates within Canada, but Sphere 3D expects to do business in the United States and elsewhere in the world. As a result, it may face significant additional risks associated with doing business in other countries. In addition to the language barriers, different presentations of financial information, different business practices, and other cultural differences and barriers, ongoing business risks may result from the international political situation, uncertain legal systems and applications of law, prejudice against foreigners, corrupt practices, uncertain economic policies and potential political and economic instability. In doing business in foreign countries Sphere 3D may also be subject to such risks, including, but not limited to, currency fluctuations, regulatory problems, punitive tariffs, unstable local tax policies, trade embargoes, expropriation, corporate and personal liability for violations of local laws, possible difficulties in collecting accounts receivable, increased costs of doing business in countries with limited infrastructure, and cultural and language differences. Sphere 3D also may face competition from local companies which have longer operating histories, greater name recognition, and broader customer relationships and industry alliances in their local markets, and it may be difficult to operate profitably in some markets as a result of such competition. Foreign economies may differ favorably or unfavorably from the Canadian economy in growth of gross national product, rate of inflation, market development, rate of savings, and capital investment, resource self-sufficiency and balance of payments positions, and in other respects.

When doing business in foreign countries, Sphere 3D may be subject to uncertainties with respect to those countries' legal system and application of laws, which may impact its ability to enforce agreements and may expose it to lawsuits.

Legal systems in many foreign countries are new, unclear, and continually evolving. There can be no certainty as to the application of laws and regulations in particular instances. Many foreign countries do not have a comprehensive system of laws, and the existing regional and local laws are often in conflict and subject to inconsistent interpretation, implementation and enforcement. New laws and changes to existing laws may occur quickly and sometimes unpredictably. These factors may limit Sphere 3D's ability to enforce agreements with its current and future clients and vendors. Furthermore, it may expose Sphere 3D to lawsuits by its clients and vendors in which it may not be adequately able to protect itself.

When doing business in foreign countries, Sphere 3D may be unable to fully comply with local and regional laws which may expose it to financial risk.

When doing business in foreign countries, Sphere 3D may be required to comply with informal laws and trade practices imposed by local and regional government administrators. Local taxes and other charges may be levied depending on the local needs to tax revenues, and may not be predictable or evenly applied. These local and regional taxes/charges and governmentally imposed business practices may affect the cost of doing business and may require Sphere 3D to constantly modify its business methods to both comply with these local rules and to lessen the financial impact and operational interference of such policies. In addition, it is often extremely burdensome for businesses operating in foreign countries to comply with some of the local and regional laws and regulations. Any failure on the part of Sphere 3D to maintain compliance with the local laws may result in fines and fees which may substantially impact its cash flow, cause a substantial decrease in revenues, and may affect its ability to continue operation.

Risks Related to Sphere 3D's Intellectual Property

Protection of Sphere 3D's Intellectual Property

Sphere 3D's products utilize a variety of proprietary rights that are important to its competitive position and success. Sphere 3D has filed a number of patent applications and has been protecting its Intellectual Property through trade secrets and copyrights. To date, Sphere has not been granted any definitive patents and because the Intellectual Property associated with the Sphere 3D's technology is evolving and rapidly changing, current intellectual property rights may not adequately protect Sphere 3D. Sphere 3D may not be successful in securing or maintaining proprietary or future patent protection for the technology used in its systems or services, and protection that is secured may be challenged and possibly lost. Sphere 3D generally enters into confidentiality or license agreements, or has confidentiality provisions in agreements with Sphere 3D's employees, consultants, strategic partners and clients and controls access to and distribution of its technology, documentation and other proprietary information. Sphere 3D's inability to protect its Intellectual Property adequately for these and other reasons could result in weakened demand for its systems or services, which would result in a decline in its revenues and profitability.

Third Party Intellectual Property Rights

Sphere 3D could become subject to litigation regarding intellectual property rights that could significantly harm its business. Sphere 3D's commercial success will also depend in part on its ability to make and sell its systems and services without infringing on the patents or proprietary rights of third parties. Competitors, many of whom have substantially greater resources than Sphere 3D and have made significant investments in competing technologies or products, may seek to apply for and obtain patents that will prevent, limit or interfere with Sphere 3D's ability to make or sell Sphere 3D's systems or provide Sphere 3D's services.

Other Risks

Sphere 3D’s Share Price Fluctuations and Speculative Nature of Securities

The price of the Sphere 3D Shares could fluctuate substantially and should be considered speculative securities. The price of the Sphere 3D Shares may decline, and the price that prevails in the market may be higher or lower than the price investors pay depending on many factors, some of which are beyond Sphere 3D's control. In addition, the equity markets in general, and the Exchange in particular, have experienced extreme price and volume fluctuations historically that have often been unrelated or disproportionate to the operating performance of those companies. These broad market factors may affect the market price of the Sphere 3D Shares adversely, regardless of its operating performance.

Volatility in the Price of Sphere 3D Shares

The market for the Sphere 3D Shares may be characterized by significant price volatility when compared to seasoned issuers, and management expects that the share price will be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. Sphere 3D may in the future be a target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention from day-to-day operations and consume resources, such as cash.

Operating results may fluctuate as a result of a number of factors, many of which are outside of the control of Sphere 3D. The following factors may affect operating results: ability to compete; ability to attract clients; amount and timing of operating costs and capital expenditures related to the maintenance and expansion of the business, operations and infrastructure; general economic conditions and those economic conditions specific to the internet; ability to keep web access operational at a reasonable cost and without service interruptions; the success of product expansion; and ability to attract, motivate and retain top-quality employees.

Dividends

Management intends to retain any future earnings to support the development of the business of Sphere 3D and does not anticipate paying cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of directors of Sphere 3D after taking into account various factors, including but not limited to the financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that Sphere 3D may be a party to at the time. Accordingly, investors must rely on sales of their Sphere 3D Shares after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase Sphere 3D Shares.

ADDITIONAL INFORMATION

Additional information relating to Sphere 3D Corporation can be found on SEDAR at www.sedar.com.

SPHERE 3D CORPORATION

Condensed Consolidated Financial Statements (Unaudited)

For the Three Months Ended March 31, 2014 and 2013

(Expressed in Canadian Dollars)

NOTICE TO READERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Stands for the preparation of the condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Sphere 3D Corporation
Condensed Consolidated Statements of Financial Position (Unaudited)
As at
(Expressed in Canadian Dollars)

	March 31, 2014 (unaudited)	December 31, 2013 (audited)
Assets		
Current		
Cash and cash equivalents	**$ 7,141,004**	$ 5,550,788
Investments	**295,850**	312,823
Loans	-	203,641
Sales tax recoverable	**155,602**	95,088
Amounts receivable	**201,100**	-
Inventory	**29,377**	136,591
Advance equipment prepayment	**336,165**	397,702
Prepaid and sundry assets	**126,894**	142,361
	8,285,992	6,838,994
Capital assets (note 5)	**534,549**	389,119
Intangible assets (note 6)	**18,419,505**	1,668,079
	$ 27,240,046	$ 8,896,192
Liabilities		
Current		
Trade and other payables (note 7)	**$ 818,871**	$ 478,282
Current portion of contingent liability (note 6)	**2,097,722**	-
Deferred Revenue	**343,137**	504,488
	3,259,730	982,770
Contingent liability (note 6)	**1,933,498**	-
Derivative liability	**325,521**	-
Convertible debenture (note 8)	**5,205,080**	-
	10,723,829	982,770
Shareholders' Deficiency		
Common share capital (note 9)	**20,802,468**	12,085,781
Other equity (note 10)	**1,985,660**	1,715,151
Deficit	**(6,271,911)**	(5,887,510)
	16,516,217	7,913,422
	$ 27,240,046	$ 8,896,192

Nature of operations (note 1)
Commitment and contingencies (note 12)
Subsequent events (note 15)

Approved by the Board — ***“Glenn Bowman”***, Director; ***“Peter Tassiopoulos”***, Director

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

		Three Months Ended March 31, 2014		Three Months Ended March 31, 2013
Revenue	**$**	**1,005,334**	$	-
Expenses				
Cost of goods sold		**433,538**		-
Salaries and consulting		**611,856**		394,469
Professional fees		**49,283**		78,480
General and administrative		**144,518**		82,965
Technology development		-		9,698
Public company expenses		**58,610**		32,899
Amortization of intangibles		**873**		873
Amortization of property and equipment		**79,278**		47,316
		1,377,956		646,700
Loss from operations		**(372,622)**		(646,700)
Finance income (expenses)				
Interest income		**841**		1682
Interest expense		**(14,289)**		(269)
Foreign exchange gain		**19,483**		-
Investment holding loss		**(17,814)**		-
		(11,779)		1,413
Net comprehensive loss for the period	**$**	**(384,401)**	$	(645,287)
Loss per share				
Basic and diluted	**$**	**(0.02)**	$	(0.04)
Weighted average number of common shares		**21,691,980**		16,114,339

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

	Number of common shares	Common share capital	Other Equity	Deficit	**Total**
Balance at December 31, 2012	16,114,339	$ 5,409,488	$ 1,007,500	$ (3,509,487)	**$ 2,907,501**
Stock based compensation			20,306		**20,306**
Comprehensive loss for the period				(645,287)	**(645,287)**
Balance at March 31, 2013	16,114,339	$ 5,409,488	$ 1,027,806	$ (4,154,774)	**$ 2,282,520**
Issuance of common shares	1,250,000	4,187,500	-	-	**4,187,500**
Share issuance costs	-	(441,178)	-	-	**(441,178)**
Issuance of warrants	-	(860,000)	860,000	-	-
Exercise of warrants	2,784,840	3,844,720	(1,154,528)	-	**2,690,192**
Issuance of warrants on exercise	-	(703,000)	703,000	-	-
Exercise of options	180,001	148,251	(20,500)	-	**127,751**
Share-based payments	769,231	500,000	-	-	**500,000**
Stock based compensation	-	-	299,373	-	**299,373**
Comprehensive loss for the period	-	-	-	(1,732,736)	**(1,732,736)**
Balance at December 31, 2013	21,098,411	$ 12,085,781	$ 1,715,151	$ (5,887,510)	**$ 7,913,422**
Issuance of common shares on acquisition of intangible assets	1,089,867	7,133,179	-	-	**7,133,179**
Exercise of warrants	874,743	1,501,783	(262,415)	-	**1,239,368**
Exercise of options	96,250	81,725	(13,625)	-	**68,100**
Stock based compensation	-	-	546,549		**546,549**
Comprehensive loss for the period	-	-	-	(384,401)	**(384,401)**
Balance at March 31, 2014	23,159,271	$ 20,802,468	$ 1,985,660	$ (6,271,911)	**$ 16,516,217**

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Cash flow from operating activities		
Net comprehensive loss for the period	**$ (384,401)**	$ (645,287)
Items not affecting cash:		
Adjustment for depreciation	**79,278**	47,316
Adjustment for amortization	**873**	873
Stock compensation expenses	**334,640**	20,306
Interest on long term investments	-	(1,658)
Unrealized foreign exchange gain	**(136,601)**	-
Change in working capital:		
Change in investments	**16,973**	(24)
Change in sales tax recoverable	**(60,514)**	(43,230)
Change in amounts receivable	**(201,100)**	-
Change in inventory	**107,214**	-
Change in prepaid and sundry assets	**122,348**	(4,763)
Change in trade and other payables	**116,467**	(30,575)
Change in deferred revenue	**(187,676)**	-
Change in subscriptions received	-	150,035
Net cash used in operating activities	**(192,499)**	(507,007)
Cash flow from investing activities		
Acquisition of property and equipment	**(224,708)**	(27,621)
Repayment of loans receivable	**203,641**	-
Acquisition of intangible assets.	**(4,612,063)**	-
Investment in technology	**(488,623)**	(44,843)
Net cash used in investing activities	**(5,121,753)**	(72,464)
Cash flow from financing activities		
Proceeds from warrant exercises	**1,239,368**	-
Proceeds from options exercises	**68,100**	-
Debenture financing	**5,597,000**	-
Net cash generated in financing activities	**6,904,468**	-
Net increase / (decrease) in cash and cash equivalents	**1,590,216**	(579,471)
Cash and cash equivalents at opening	**5,550,788**	1,633,334
Cash and cash equivalents at closing	**$ 7,141,004**	$ 1,053,863

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited) - continued
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Non-cash Investing and Financing Activities:		
Issuance of common shares on acquisition of intangible assets	**(7,133,179)**	-
Contingent liability for the acquisition of intangible assets	**(4,031,220)**	-
Holdback on the acquisition of intangible assets	**(223,880)**	-
	$ (11,388,279)	$ -

See accompanying notes, which are an integral part of these financial statements

1. NATURE OF OPERATIONS

Sphere 3D Corporation (the "Company" or “Sphere 3D”) was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 and is listed on the TSXV, under the trading symbol “ANY” and the OTC-QX, under the trading symbol “SPIHF” and has its main and registered office of the Company located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

Sphere 3D is a virtualization technology solution provider company focused on the commercialization and further development of its patent pending emulation and virtualization technology. These consolidated statements include the financial statements of the Company, its wholly-owned subsidiaries, V3 Systems Holdings, Inc., which was incorporated under the laws of the State of Delaware on January 14, 2014 and Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company will have to raise additional capital to fund operations until such point that revenues from products and technology are able to fund operations. If the Company is not able to raise sufficient capital then there is the risk that the Company will not be able to realize the value of its assets and discharge its liabilities. To date the Company has been successful raising capital in fiscal 2013 and 2014. These proceeds are used to fund operations of the Company.

2. Statement of Compliance

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited consolidated annual financial statements for the year ended December 31, 2013.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the most recent audited consolidated annual financial statements of the Company for the year ended December 31, 2013, which are available at www.sedar.com.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 27, 2014.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements as at and for the periods ended March 31, 2014 and 2013, unless otherwise indicated.

The consolidated financial statements comprise the accounts of the Company, and its controlled subsidiaries. The financial statements of the wholly owned subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(a) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are noted below with further details of the assumptions in the following notes:

(i) Share-based payments

When charges for share-based payments are based on the equity instrument granted, the fair value is calculated at the date of the award. The equity instruments are valued using Black-Scholes; inputs to the model include assumptions on share price volatility, discount rates and expected life outstanding.

(ii) Investment in technology

The recoverability of the investment in technology is dependent on the future realization of cash flows from amounts spent.

(iii) Property and equipment

The useful lives of property and equipment are estimated based on the length of use of the assets by the Company.

3. Significant Accounting Policies (continued)

(a) Use of estimates and judgements (continued)

(iv) Income taxes

Tax interpretations, regulations and legislation in the jurisdiction in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realised from future taxable earnings.

(b) Foreign currency

The functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial instruments comprise of cash and cash equivalents, investments, loans, subscriptions receivable and trade and other payables. Non-derivatives financial instruments are recognised initially at the fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(ii) Cash, cash equivalents and investments

Cash and cash equivalents comprise cash on hand, term deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management, whereby management has the ability and intent to net bank overdrafts against cash, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments comprise highly liquid investments, in the form of guaranteed investment certificates, with maturities greater than three months but with cashable features. Investments have been used to secure the Company's credit rating and are therefore separated from cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(iii) Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition the transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has designated cash and cash equivalents, investments, contingent liability and derivative liability at fair value.

(iv) Other

Other non-derivative financial instruments, such as trade and other payables and convertible debentures, are measured at amortized cost using the effective interest method, less any impairment losses.

(d) Convertible debenture

The proceeds received on issue of the Company's convertible debenture have been recorded as a liability included in borrowings on the consolidated statement of financial position. The convertible debenture contains an embedded derivative. The Company values the embedded derivative using an option pricing model and the residual amount is allocated to the debenture liability.

On conversion of the convertible debt to common shares the value of the convertible option is taken into share capital with any gain or loss flowing through profit or loss.

(e) Capital assets

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

3. Significant Accounting Policies (continued)

(e) Capital assets (continued)

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

(iii) Amortization

Amortization is calculated as the cost of the asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computer hardware	- 3 years
- Furniture and fixtures	- 5 years
- Marketing and Web Development	- 2 years
- Leasehold improvements	- over the term of the lease

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for amortization methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

(f) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(g) Trade and other payables

Trade and other payables are stated at cost.

3. Significant Accounting Policies (continued)

(h) Balance sheet

Assets and liabilities expected to be realised in, or intended for sale or consumption in, the

Company's normal operating cycle, usually equal to 12 months, are recorded as current assets or liabilities.

(i) Statement of cash flows

The Company prepares its Statement of Cash Flows using the indirect method.

(j) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of comprehensive loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets referred to as a cash generating unit (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less cost to disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from sales.

3. Significant Accounting Policies (continued)

(j) Impairment (continued)

(ii) Non-financial assets (Cont'd)

Fair value less costs of disposal to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost of disposal is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(k) Intangible assets

(i) Patents

Costs to obtain patents are capitalized and are amortized to operations on a straight-line basis over the underlying term of the patents, which is 20 years, commencing upon the registration of the patent.

(ii) Investment in Technology

The investment in technology consists of consideration paid for the acquisition of the technology. Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use, which has not yet commenced.

3. Significant Accounting Policies (continued)

(k) Intangible assets (continued)

(iii) Research and Development Costs

Research costs are charged to income when incurred.

Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. As of July, 2013, the Company has met the requirements for deferral of these expenses and has commenced capitalization of development costs incurred relating to its investment in technology. Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use, which has not yet commenced.

Investment Tax Credits ("ITCs") earned as a result of incurring Scientific Research and Experimental Development ("SRED") expenditures are recorded as a reduction of the related current period expense, the related deferred development costs or related capital assets. Management records ITC's when there is reasonable assurance of collection. To date, management has not recorded any amounts related to ITC’s.

(l) Share capital – common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(m) Share based payments

The grant date fair value of options awarded to employees, directors, and service providers is measured using the Black-Scholes option pricing model and recognised in the statement of comprehensive loss, with corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon exercise of the option, consideration received, together with the amount previously recognised in contributed surplus, is recorded as an increase to share capital.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. Significant Accounting Policies (continued)

(n) Revenue

Revenue from sales of products is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, collectability is reasonably assured and delivery has occurred. Under this policy, revenue on direct product sales is recognized upon shipment of products to customers. These customers are not entitled to any specific right of return or price protection, except for any defective product that may be returned under the Company's warranty policy. Generally, title and risk of loss transfer to the customer when the product leaves the Company's dock.

Warranty and Extended Services

The Company records a provision for estimated future warranty costs for both return-to-factory and on-site warranties. If future actual costs to repair were to differ significantly from estimates, the impact of these unforeseen costs or cost reductions would be recorded in subsequent periods. Separately priced extended warranties and service contracts are offered for sale to customers on all product lines. Extended warranty and service contract revenue is deferred and recognized as service revenue, over the period of the service agreement.

(o) Finance income and expenses

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gain and losses, reported under finance income and expenses, are reported on a net basis.

(p) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Significant Accounting Policies (continued)

(p) Income taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Loss per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options and warrants. The dilutive effect on earnings per share is recognised on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. At year end, the effect of stock options, warrants and conversion feature on debt was anti-dilutive.

(r) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses.

(s) Contingent liability

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

(t) Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2014. Many are not applicable to, or do not have a significant impact on, the Corporation and have been excluded.

(i) IAS 32 – Financial Instruments

IAS 32 Financial Instruments: Presentation was amended by the IASB in December 2011. Offsetting Financial Assets and Financial Liabilities amendment addresses inconsistencies identified in applying some of the offsetting criteria. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company’s financial statements.

3. Significant Accounting Policies (continued)

(t) Change in accounting policies (continued)

(ii) IAS 36 – Impairment of Assets

IAS 36 Impairment of Assets was amended by the IASB in June 2013. Recoverable Amount Disclosures for Non-Financial Assets amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when the entity has already applied IFRS 13. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(u) Future accounting pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

IFRS 9 – Financial Instruments

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018. Earlier application is permitted.

4. Determination of Fair Value

A number of the Company's accounting policies an d disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Cash and cash equivalents, investments and trade and other payables.

The fair value of cash and cash equivalents, investments and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At March 31, 2014 and March 31, 2013, the fair value of these balances approximated their carrying value due to their short term to maturity.

4. Determination of Fair Value (continued)

(b) The fair value of stock options and warrants are measured using a Black -Scholes, option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option and warrant holder behaviour) and the risk-free interest rate (based on government bonds).

The carrying value of amounts receivable, loans and trade and other payables included in the financial position approximate fair value due to the short term nature of those instruments.

The following tables provide fair value measurement information for financial assets and liabilities as of March 31, 2014 and December 31, 2013.

			Fair value measurements using		
March 31, 2014	Carrying amount	Fair value	Quoted prices in Active Market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Cash and cash equivalents	$ 7,141,004	$ 7,141,004	$ 7,141,004	$ -	$ -
Investments	$ 295,850	$ 295,850	$ 295,850	$ -	$ -
Financial liabilities					
Derivative liability	$ 325,521	$ 325,521	$ -	$ 325,521	$ -
Contingent liability	$ 4,031,220	$ 4,031,220	$ -	$ 4,031,220	$ -

			Fair value measurements using		
December 31, 2013	Carrying amount	Fair value	Quoted prices in Active Market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Cash and cash equivalents	$ 5,550,788	$ 5,550,788	$ 5,550,788	$ -	$ -
Investments	$ 312,823	$ 312,823	$ 312,823	$ -	$ -

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are those with inputs for the asset or liability that are not based on observable market data.

5. Capital assets

Cost	Computer Hardware	Furniture and Fixtures	Marketing & Web Development	Leaseholds	Total
Balance at December 31, 2012	$ 509,684	$ 6,463	$ -	$ 78,894	$ 595,041
Additions	148,895	-	104,220	-	253,115
Disposals	-	-	-	-	-
Balance at December 31, 2013	$ 658,579	$ 6,463	$ 104,220	$ 78,894	$ 848,156
Additions	183,578	26,171	15,096	3,243	228,088
Disposals	(4,056)	-	-	-	(4,056)
Balance at March 31, 2014	$ 838,101	$ 32,634	$ 119,316	$ 82,137	$ 1,072,188

Accumulated Depreciation	Computer Hardware	Furniture and Fixtures	Marketing & Web Development	Leaseholds	Total
Balance at December 31, 2012	$ 215,091	$ 949	$ -	$ 20,874	$ 236,914
Additions	183,977	1,293	21,075	15,778	222,123
Disposals	-	-	-	-	-
Balance at December 31, 2013	$ 399,068	$ 2,242	$ 21,075	$ 36,652	$ 459,037
Additions	60,779	828	13,656	4,015	79,278
Disposals	(676)	-	-	-	(676)
Balance at March 31, 2014	$ 459,171	$ 3,070	$ 34,731	$ 40,667	$ 537,639
Net book value as at December 31, 2013	$ 259,511	$ 4,221	$ 83,145	$ 42,242	$ 389,119
Net book value as at March 31, 2014	$ 378,930	$ 29,564	$ 84,585	$ 41,470	$ 534,549

6. Intangible assets

(i) Emulation and virtualization technology

On December 31, 2010, the Company acquired all rights and assets related to the emulation and virtualization technology from Promotion Depot Inc., in a non-arms length transaction, in exchange for 1,000,000 shares of the Company's common stock. Since the fair value of the assets received are not readily determinable, the investment was valued based on the $695,000 fair value of the shares received by Promotion Depot Inc. The technology acquired is still in the development stage and not in commercial use. As such, amortization of this asset has not commenced.

As of July 2013, the Company met the requirements for the deferral of development costs, under IFRS, and has commenced capitalizing the development costs incurred during the period. The technology acquired is still in the development stage and not in commercial use. As such, amortization of this asset has not commenced.

(ii) Virtual Desktop Infrastructure ("VDI") technology

On March 21, 2014, the Company closed an Asset Purchase Agreement to acquire the VDI technology, Desktop Cloud Orchestrator software, patents, trademarks and certain other intellectual property of V3 Systems, Inc.

At closing, the Company paid a purchase price of $11,829,505, in the form of USD$4M in cash and 1,089,867 shares of common stock.

In addition, the Company shall pay an earn-out (the "Earn-Out"), based on achieving certain milestones in revenue and gross margin, related to the VDI technology, of up to a further U.S. $5.0 million, payable at the discretion of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at a 20-day weighted average price calculated at the time(s) the Earn-Out is realized. The Earn-Out is based on a sliding scale of revenue of the VDI technology (subject to minimum margin realization), subject to a maximum payment of U.S. $5.0 million upon earn-out revenue of U.S. $12.5 million. The Earn-Out was valued on a discounted cash flow basis using a discount rate of 35%.

The fair value of the consideration issued for the VDI technology. is as follows:

Cash consideration paid	$	4,472,446
Cash consideration owing – current holdback		223,880
1,089,867 common shares valued at $6.545 per share		7,133,179
Fair value of Earn-Out		4,082,645
Total consideration		15,912,150
Cost of acquisition		139,617
Allocated to intangible assets	$	16,051,767

(iIi) Patents

During the three months ended March 31, 2014, the Company converted 3 provisional patents to full patent filings; bringing the total number of full patent filings to 12.

6. Intangible assets (continued)

Cost	Emulation and virtualization technology	VDI technology	Patents	Total
Balance at December 31, 2012	$ 695,000	$ -	$ 25,000	$ 720,000
Additions	885,250	-	67,571	952,821
Disposals	-	-	-	-
Balance at December 31, 2013	1,580,250	-	92,571	1,672,821
Additions	697,967	16,051,767	2,565	16,752,299
Disposals	-	-	-	-
Balance at March 31, 2014	$ 2,278,217	$ 16,051,767	$ 95,136	$ 18,425,120

Accumulated amortization	Emulation and virtualization technology	VDI technology	Patents	Total
Balance at December 31, 2012	$ -	$ -	$ 1,250	$ 1,250
Additions	-	-	3,492	3,492
Disposals	-	-	-	-
Balance at December 31, 2013	$ -	$ -	$ 4,742	$ 4,742
Additions	-	-	873	873
Disposals	-	-	-	-
Balance at March 31, 2014	$ -	$ -	$ 5,615	$ 5,615
Net book value as at December 31, 2013	$ 1,580,250	$ -	$ 87,829	$ 1,668,079
Net book value as at March 31, 2014	$ 2,278,217	$ 16,051,767	$ 89,521	$ 18,419,505

7. Trade and other payables

		March 31 2014		December 31 2013
Trade payables	**$**	**204,154**	$	161,337
Non-trade payables and accrued expenses		**614,717**		316,945
	$	**818,871**	$	478,282

8. Convertible debenture

On March 21, 2014, the Company issued a senior secured convertible debenture for USD$5,000,000. Simple interest is payable semi-annually at an annual rate of 8%. The note is convertible into common shares of the Company, at any time at the option of the holders, at a conversion rate of USD$7.50 per share.

The Company has the option, up to March 21, 2015, and upon ten days' notice, to repay the debenture at 120% of the outstanding principal and interest and the option, from March 21, 2015 to March 21, 2016, to repay the debenture at 125% of the outstanding principal and interest. In addition, the Company has the right to force the conversion of the debenture at any time that the weighted average price of the Company's common stock for ten consecutive days has exceeded USD$11.25.

The note is secured by a general security interest in all of the assets of the Company. Any unconverted principal and accrued interest balance is payable at maturity, on March 21, 2018.

The debenture represents a hybrid instrument that needs to be bifurcated between its liability and derivative components. The liability component was determined by reference to the fair value of a similar stand-alone debt instrument, excluding the derivative components, with the residual amount allocated to the derivative components.

The fair value of a similar stand-alone debenture excluding the equity components was determined using an estimated discount rate of 9.25% . The estimated discount rate was derived based on the evaluation of other longer term debt offerings and is subject to estimation uncertainty.

As at		March 31, 2014		December 31 2013
Debenture	$	5,597,000	$	-
Less: Derivative liability		(325,521)		
Less: Currency translation adjustment		(66,399)		-
	$	5,205,080	$	-

9. Share Capital

Authorized

an unlimited number of common shares

Issued and outstanding

	Number of Shares		Value
Balance, December 31, 2012	16,114,339	$	5,409,488
Issued for cash (net of cash fees of $441,178) (ii)	1,250,000		3,746,322
Less: Proceeds allocated to warrants			(775,000)
Brokers warrants			(85,000)
Issued on exercise of warrants	2,784,840		3,844,720
Warrants issued on exercise			(703,000)
Issued on exercise of options	180,001		148,251
Issued for future services (i)	769,231		500,000
Balance, December 31, 2013	21,098,411	$	12,085,781
Issuance of common shares on acquisition of intangible assets (note 6)	1,089,867		7,133,179
Issued on exercise of warrants	874,743		1,501,783
Issued on exercise of options	96,250		81,725
Balance, March 31, 2014	23,159,271	$	20,802,468

(i) On July 15, 2013, in connection with a supply agreement (the “Supplier Agreement”) with

Overland Storage, Inc., the Company issued 769,231 shares of common stock, with a value of $500,000, to Overland Storage Inc. (“Overland”) as a prepayment for systems infrastructure. Pursuant to the Supplier Agreement entered into between Overland and the Company, the Company has agreed to pay for up to $1.5 million of cloud infrastructure equipment purchases from Overland in the form of common shares in the capital of the Company (the “Common Shares”) as follows: (i) 769,231 Common Shares at a fair value of $0.65, having a value of $500,000 were issued on Closing; and (ii) that number of Common Shares equal to $500,000 divided by the 10 trading day average of the closing price per share of Common Shares ending 3 trading days prior to each of the first and second year anniversary date of the Supply Agreement, to a maximum of 769,231 Common Shares on each date having a value of $500,000. Such Sphere 3D shares are subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws. The equipment purchased has been included in inventory and advance equipment payments.

(iv) On November 12, 2013, the Company closed an underwritten financing for the sale of 1,250,000 units, at a price of $3.35 per unit of gross proceeds of $4,187,500.

Each Unit consisted of one common share of the Company (a “Common Share”) and one-half of one Common Share purchase warrant (each full warrant, a “Warrant”), each full Warrant being exercisable to acquire one Common Share at a purchase price of $4.50 for a period of 24 months following the closing of the Offering. The Warrants are subject to an acceleration clause whereby should the Common Shares trade at $6.00 or more for more than 10 consecutive trading days on the TSX Venture Exchange or other principal exchange, the Company has the right to issue notice to the warrant holders to accelerate the exercise period to a period ending 20 trading days from the date of notice. The warrants were valued at $775,000.

9. Share Capital (continued)

(iv) continued

The Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering, were reimbursed for fees and expenses incurred in connection with the Offering, and received compensation warrants (the "Broker Warrants") to acquire Common Shares equal to 8% of the number of Units sold under the Offering. Each Broker Warrant is exercisable at $3.35 per common share for a period of 24 months from the closing date. The broker warrants were valued at $85,000.

The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions:

		Investor Warrants	Broker Unit Warrants
(I)	dividend yield	0%	0%
(II)	expected volatility	60%	60%
(III)	a risk free interest	1.71%	1.71%
(IV)	an expected life	2 years	2 years
(V)	a share price	$ 4.73	$ 3.35
(VI)	an exercise price	$ 4.50	$ 3.35

Expected volatility was based on comparable companies.

Escrowed shares

With the completion of the Transaction and the Company's subsequent listing on the TSXV, certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	Surplus Share Escrow		Value Share Escrow		Total	
	Number	**%**	**Number**	**%**	**Number**	**%**
Balance at December 21, 2012	4,655,000	100	4,306,250	100	8,961,250	100
Released - December 27, 2012[(1)]	232,750	5	430,625	10	663,375	7
Released - June 27, 2013	232,750	5	645,937	15	878,687	10
Released - December 27, 2013	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at March 31, 2014 and December 31, 2013	3,724,000	80	2,583,751	60	6,307,751	70

9. Share Capital (continued)

Escrowed shares (continued)

Future releases

June 27, 2014	465,500	10	645,937	15	1,111,437	13
December 27, 2014	698,250	15	645,938	15	1,344,188	15
June 27, 2015	698,250	15	645,938	15	1,344,188	15
December 27, 2015	1,862,000	40	645,938	15	2,507,938	27
Total future releases	**3,724,000**	**80**	**2,583,751**	**60**	**6,307,751**	**70**

(1) Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release dates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

Stock Options

i. On March 4, 2013, the directors of the Company approved the award of 100,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $18,500. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

ii. On March 5, 2013, the directors of the Company approved the award of 320,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $79,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.60 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

iii. On April 17, 2013, the directors of the Company approved a fiscal 2013 compensation plan for the independent directors of the Company. The plan calls for the payment of $7,500 per quarter to the independent directors, which can be paid by cash or the issuance of common stock, at the Company's discretion, subject to TSXV approval. In addition, each of the independent directors was awarded options to purchase 25,000 shares of the Company's common shares. The award of 75,000 fully vested options, exercisable for 10 years, was valued at $14,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.85 and (VI) a share price of $0.60. Expected volatility was based on comparable companies.

iv. On July 3, 2013, the directors of the Company approved the award of 300,000 options, which vest in 4 equal quarterly amounts, exercisable for 5 years, with a value of $50,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.65 and (VI) a share price of $0.51. Expected volatility was based on comparable companies.

9. Share Capital (continued)

Stock Options (continued)

v. On July 3, 2013, the directors of the Company approved the award of 50,000 options, which vested immediately, exercisable for 5 years, with a value of $8,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.65 and (VI) a share price of $0.51. Expected volatility was based on comparable companies.

vi. In connection with the appointment of Mr. Eric Kelly to the Board of Directors of the Company and his undertaking to become the Chairman, on July 3, 2013, the directors of the Company approved the award to Mr. Eric Kelly of 850,000 options, which vest quarterly over three years, exercisable for 10 years, with a value of $215,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $0.65 and (VI) a share price of $0.64. Expected volatility was based on comparable companies.

vii. On August 30, 2013, the directors of the Company approved the award of 100,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $100,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $2.50 and (VI) a share price of $2.50. Expected volatility was based on comparable companies.

viii. On September 16, 2013, at the annual and special meeting of the shareholders of the Company, the shareholders ratified the adoption of a fixed stock option plan, authorizing the award of up to 3,375,000 shares, being approximately 20% of the common shares outstanding at the record date for the meeting.

ix. One September 16, 2013, the directors of the Company approved the award of 450,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $500,000. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $2.68 and (VI) a share price of $2.68. Expected volatility was based on comparable companies. In connection with the awards made to the independent directors of the Company, the directors agreed to waive future quarterly fees until the Company achieves commercialization.

x. On November 1, 2013, the directors of the Company approved the award of 50,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $88,000. The fair value of the options issued was estimated at the date of grant using the Black - Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $4.28 and (VI) a share price of $4.28. Expected volatility was based on comparable companies.

9. Share Capital (continued)

Stock Options (continued)

xi. On February 5, 2014, the directors of the Company approved the award of 50,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of $212,493. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 102.39%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of $6.54 and (VI) a share price of $6.54. Expected volatility was based on the

Company's historical stock price.

As at March 31, 2014 the Company had 388,749 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

		Weighted average exercise price	Number
Balance at December 31, 2012	$	0.83	1,015,000
Granted		1.24	2,295,001
Exercised		0.71	(180,001)
Expired		0.60	(320,000)
Outstanding at December 31, 2013	**$**	**1.18**	**2,810,000**
Granted		**6.54**	**50,000**
Exercised		**0.71**	**(96,250)**
Expired		**2.68**	**(3,750)**
Outstanding at March 31, 2014	**$**	**1.39**	**2,760,000**

The weighted average share price on the date of exercise was $7.05 (December 31, 2013 -$3.69) .

The following table provides further information on the outstanding options as at December 31, 2013:

Expiry Date	**Number exercisable**	**Number outstanding**	**Weighted average exercise price**	**Weighted average years remaining**
March 4, 2018	100,000	100,000	$ 0.85	4.00
July 3, 2018	50,000	150,000	0.65	4.25
January 16, 2022	640,000	640,000	0.83	7.79
September 19, 2022	183,333	300,000	0.85	8.46
April 16, 2023	75,000	75,000	0.85	9.04
July 2, 2023	212,499	850,000	0.65	9.25
August 29, 2023	50,000	100,000	2.50	9.42
September 15, 2023	222,500	445,000	2.68	9.46
October 31, 2023	12,500	50,000	4.28	9.58
February 4, 2024	-	50,000	6.54	9.92
	1,545,832	2,760,000	$ 1.16	8.87

9. Share Capital (continued)

Warrants

The Company had the following warrants outstanding:

		Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2012		4,262,442	$	0.98
Exercised –	Broker Warrants	(152,528)		0.70
	Investor Warrants	(1,980,462)		1.00
	Broker Unit Warrants(1)	(325,925)		0.85
Issued on exercise of Broker Unit Warrants		325,925		1.00
Exercise of warrants issued		(325,925)		1.00
Granted –	Investor Warrants	625,000		4.50
	Broker Unit Warrants(2)	100,000		3.35
Outstanding at December 31, 2013		2,528,527	$	1.96
Exercised –	Broker Unit Warrants	(90,000)		3.35
	Investor Warrants	(784,743)		1.20
Granted –	Investor Warrants	45,000		4.50
Outstanding at March 31, 2014		1,698,784		2.31

The weighted average share price on the dates of exercise was $6.84 (December 31, 2013 -$3.46).

(1) The Broker Unit Warrants were exercisable into Sphere 3D Units at an exercise price of $0.85 per unit within two years of closing of the Financing. Each Sphere 3D Unit consists of a Sphere 3D Share and a Sphere 3D Investor Warrant, exercisable at $1.00.

Upon exercise of the Broker Unit Warrants Sphere 3D Investor Warrants were issued, at a cumulative value of $703,000. The fair value of the warrants issued was estimated at the date of exercise of the Broker Unit Warrant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 60%; (III) a risk free interest rate of 1.71% (IV) an average expected life of less than 1 year; (V) an exercise price of $1.00 and (VI) an average share price of $3.13. Expected volatility was based on comparable companies.

(2) The Broker Unit Warrants were exercisable into Sphere 3D Units at an exercise price of $3.35 per unit within two years of closing of the Financing. Each Sphere 3D Unit consists of a Sphere 3D Share and a Sphere 3D Investor Warrant, exercisable at $4.50.

10. Other Equity

		March 31, 2014		**December 31, 2013**
Other equity beginning of period	$	1,715,151	$	1,007,500
Value of warrants issued		-		1,563,000
Stock based compensation		546,549		319,679
Value of warrants exercised		(262,415)		(1,154,528)
Value of options exercised		(13,625)		(20,500)
Other equity end of period	$	1,985,660	$	1,715,151

11. Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The compensation paid or payable to key management personnel is shown below:

		March 31 2014		March 31 2013
Salaries, management fees and benefits	$	122,500	$	142,500
Share-based payments - management		-		18,500
Share-based payments - directors		-		-
	$	122,500	$	161,000

Legal services of $114,877 (2013 - $16,691) were provided by a legal firm affiliated with a director of the Company.

Amounts owing to related parties at period end included in trade and other payables total $176,025 (2013 - $22,500)

12. Commitment and Contingencies

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at $27,000 per year. The minimum lease payments for the Company's facility in

Mississauga, are as follows:

2014	$	43,500
2015		59,500
2016		20,000

Refer to note 9(i) for additional commitments to issue shares.

Legal Matters

The Company has been named as a defendant in actions that arose as a result of the announcement of the agreement to merge with Overland Storage, Inc. (note 15 (a)) With respect to these matters, based on the management's current knowledge, the Company believes that the amount or range of reasonable possible loss, if any, will not, either individually or in the aggregate, have a material adverse effect on the Company's business, consolidated financial position, results of operations or cash flows.

13. Capital Risk Management

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2014 and December 31, 2013.

14. Financial Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk

(i) Currency risk:

The Company is still in its pre-commercialization phase and as such has limited exposure to foreign exchange risk. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The convertible debenture is at a fixed rate. The Company's cash and cash equivalents and investments earn interest at market rates.

14. Financial Risk Management (continued)

(a) Market risk (continued)

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations as interest expense represents approximately 0.1% (2012 – 0.7%) of total expenses. A 1.0% change in interest rates would not have a significant impact on the interest income.

(b) Credit risk

The Company is subject to risk of non-payment of amounts receivable. The Company mitigates this risk by monitoring the credit worthiness of its customers.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at March 31, 2014, the Company has trade and other payables of $883,129 (December 31, 2013 - $478,282) due within 12 months and has cash and cash equivalents of $7,141,004 (December 31, 2013 - $5,550,788) to meet its current obligations.

15. Subsequent Events

a) Overland Merger

On May 15, 2014, the Company entered into a definitive merger agreement (the "Merger Agreement") with Overland Storage, Inc. ("Overland"), pursuant to which Overland and a wholly-owned subsidiary of Sphere 3D would combine (the "Transaction"). After completion of the Transaction, it is expected that current holders of Overland securities will own approximately 28.8% of Sphere 3D, on a fully diluted basis, as a result of their exchange of securities in the Transaction.

Under the terms of the Merger Agreement, the Company will issue a total of 9,443,882 common shares ("Common Shares") on closing, subject to adjustment, for all of the outstanding share capital of Overland ("Overland Shares") on the basis of one Overland Share for 0.510594 Common Shares of Sphere 3D (the "Exchange Ratio"). In addition,

Sphere 3D will issue 1,467,906 warrants, 143,325 options and 505,321 restricted share units, or equivalents, in exchange for the outstanding convertible securities of Overland, calculated on the basis of the Exchange Ratio. All issued and outstanding stock appreciation rights of Overland will terminate on closing. The average exercise price of the options and warrants are US$22.62 and US17.28, respectively. At current pricing, the Company believes it is unlikely that any of these options and warrants will be exercised.

On May 14, 2014, the last trading day prior to the announcement of the transaction, the closing price of the Overland Shares, on the NASDAQ, was US$2.90 and the closing price of the Common Shares of Sphere 3D, on the TSX Venture Exchange (the "TSXV"), was C$9.46 (or US$8.68). Based on the closing price of the Common Shares of Sphere 3D on May 14, 2014, the total consideration payable to holders of Overland shareholders has an implied value of approximately US$81.13 million or approximately US$4.43 per Overland Share.

15. Subsequent Events (continued)

a) Overland Merger (continued)

Both companies' boards of directors have unanimously approved the Merger Agreement. The Transaction is subject customary closing conditions, shareholder approval of Overland and receipt of all necessary regulatory approvals, including the approval of the TSXV.

The completion of the financing (see Note 15 b) is integral to the consummation of the Merger Agreement. A minimum of USD $5,000,000 of the financing will used to cover advances to Overland as contemplated by the Merger Agreement. In addition, subject to further board approval, the Company may advance further funds to support Overland's working capital requirements. To date the Company has advanced Overland USD $4,000,000, under a secured promissory note, repayable on May 15, 2018 and bearing interest at prime plus 2%.

b) Financing

The Company has entered into an agreement with a syndicate of investment dealers led by Cormark Securities Inc., and including Jacob Securities Inc. and Paradigm Capital Inc. (collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 1,176,500 special warrants of the Company ("Special Warrants") at a price of $8.50 per Special Warrants (the "Issue Price"), resulting in gross proceeds of $10,000,250 to the Company (the "Offering"). Each Special Warrant is exercisable into one unit of the Company (a "Unit") with each Unit being comprised of one Common Share of the Company and one-half of a Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable at an exercise price of $11.50 for a period of two years from the closing date.

The Underwriters will have the option (the "Underwriters' Option") to arrange for the purchase of up to an additional 15% of Special Warrants (being up to 176,475 Special Warrants) sold under the Offering at the Issue Price. The Underwriters' Option shall be exercisable, in whole or in part, until the time of closing. The Underwriters shall be entitled to the same commission provided for below in respect of any Special Warrants issued and sold upon exercise of the Underwriters' Option.

The Underwriters are entitled to receive a cash commission equal to 6% of the gross proceeds of the Offering. The Company will also reimburse the Underwriters for reasonable fees and expenses incurred in connection with the Offering.

The Offering is scheduled to close on or before June 3, 2014. All securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSXV and applicable Canadian securities laws. The Offering is subject to all required regulatory approvals, including the approval of the TSXV.

Sphere 3D intends to file a short-form prospectus in each of the Provinces of British Columbia, Alberta and Ontario (and such other provinces and territories of Canada as may be agreed to by Cormark Securities Inc. and the Corporation) qualifying the Units issuable upon exercise or deemed exercise of the Special Warrants by July 31, 2014, failing which the holder would be entitled to receive 1.05 Units upon exercise or deemed exercise of the Special Warrants.

UNDERWRITING AGREEMENT

June 5, 2014

Sphere 3D Corporation
240 Matheson Blvd. East
Mississauga, Ontario L4Z 1X1

Attention: Peter Tassiopoulos, Chief Executive Officer

Dear Sir:

Cormark Securities Inc. ("**Cormark**"), Jacob Securities Inc. and Paradigm Capital Inc. (together with Cormark, the "**Underwriters**") hereby agree to purchase, severally and not jointly, from Sphere 3D Corporation (the "**Corporation**") (with the right to substitute purchasers which are approved by the Corporation as set forth herein), and the Corporation agrees to issue and sell to the Underwriters, 1,176,500 special warrants of the Corporation (the "**Special Warrants**") at a price of $8.50 per Special Warrant (the "**Offering Price**"). Each Special Warrant will entitle the holder thereof to acquire, without additional payment, one unit of the Corporation (each, a "**Unit**"). Each Unit consists of one common share in the capital of the Corporation (a "**Common Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one additional Common Share (a "**Warrant Share**") at a price of $11.50 at any time prior to 5:00 p.m. (Toronto time) on the date that is 24 months following the Closing Date (as defined herein). Each Special Warrant not previously exercised will be deemed to be automatically exercised on the earlier of (i) the third business day following the Qualification Date (as defined herein), and (ii) the Qualification Deadline (as defined herein). Notwithstanding the foregoing, if the Qualification Date has not occurred on or before July 31, 2014, each Special Warrant outstanding will, on exercise or deemed exercise, thereafter entitle the Subscriber to acquire an additional 0.05 of a Unit without further payment on the part of the Subscriber (the "**Penalty**"). The offering of the Special Warrants by the Corporation is hereinafter referred to as the "**Offering**".

In addition, the Corporation hereby grants an option (the "**Underwriters' Option**") to the Underwriters entitling the Underwriters to acquire from the Corporation, on and subject to the terms contained herein, up to an additional 176,475 Special Warrants (the "**Optioned Special Warrants**") at the Offering Price. If Cormark, on behalf of the Underwriters, elects to exercise such Underwriters' Option, Cormark shall notify the Corporation in writing prior to the Time of Closing (as defined herein), which notice shall specify the number of Optioned Special Warrants to be purchased by the Underwriters at the Time of Closing. If Cormark exercises, on behalf of the Underwriters, the Underwriters' Option, the Underwriters shall purchase severally and not jointly the number of Optioned Special Warrants specified in such notice on the same basis as the Special Warrants. If any Optioned Special Warrants are purchased, each Underwriter agrees, severally and not jointly, to purchase the percentage of such Optioned Special Warrants (subject to such adjustments to eliminate fractional Special Warrants as Cormark may determine) equal to the percentage set out opposite the name of such Underwriter in Section 16 of this Agreement. Unless otherwise specifically referenced or unless the context otherwise requires, all references to "**Special Warrants**" herein shall include the Optioned Special Warrants.

It is understood that the sale of the Special Warrants to the Purchasers (as defined herein) will take place only: (i) in each of the provinces of British Columbia, Alberta, Ontario and such other provinces and territories of Canada as may be agreed by Cormark and the Corporation (the "**Canadian Offering Jurisdictions**"); (ii) in the United States in transactions that are exempt from registration under the U.S. Securities Act (as defined herein) and applicable state securities laws; and (iii) in jurisdictions other than Canada and the United States as may be agreed to by the Corporation, acting reasonably, provided that the Corporation is not required to file a prospectus, registration statement or other disclosure document or become subject to continuing obligations in such other jurisdictions, in each case in accordance with the provisions of this Agreement (as defined herein) (collectively, the "**Offering Jurisdictions**").

Interpretation

Unless expressly provided otherwise, where used in this Agreement or any schedule hereto, the following terms shall have the following meanings, respectively:

"**Agreement**" means the agreement resulting from the acceptance hereof by the Corporation;

"**Applicable IP Laws**" means all applicable federal, provincial, state and local laws and regulations applicable to Intellectual Property in Canada, the United States and the jurisdictions in which the Corporation has registered Intellectual Property;

"**Applicable Securities Laws**" means, collectively, the applicable securities laws of the Offering Jurisdictions, the regulations, rules, rulings and orders made thereunder, the applicable published policy statements issued by the Securities Commissions thereunder and the securities legislation and published policies of each other jurisdiction (including, without limitation, the United States) the securities laws of which are applicable to the sale of the Special Warrants on the terms and conditions set out in this Agreement;

"**Board**" means the board of directors of the Corporation;

"**Business Day**" means a day which is not a Saturday, Sunday, or civic or statutory holiday in the City of Toronto, Ontario or a day on which the principal chartered banks located in Toronto, Ontario are closed for business;

"**Canadian Offering Jurisdictions**" has the meaning ascribed thereto in the third paragraph of this Agreement;

"**CIPO**" means the Canadian Intellectual Property Office;

"**Closing**" means the completion of the issue and sale by the Corporation of the Special Warrants pursuant to this Agreement and the Subscription Agreements;

"**Closing Date**" means the date of the Closing, namely June 5, 2014, or such other date as the Underwriters and the Corporation may agree;

"**Common Shares**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Continuing Underwriters**" has the meaning ascribed thereto in Section 16;

"**Cormark**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Corporation**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Corporation IP**" means the Intellectual Property that has been developed by or for or is being developed by or for the Corporation and/or a Subsidiary or that is being used by the Corporation and/or a Subsidiary, other than Licensed IP;

“**Disclosure Documents**” means, collectively, all of the documentation which has been filed by or on behalf of the Corporation with the relevant securities regulatory authorities pursuant to the requirements of Applicable Securities Laws;

“**Documents Incorporated by Reference**” means all financial statements, management’s discussion and analysis of results of operations and financial condition, management proxy circulars, annual information forms, material change reports or other documents issued by the Corporation, whether before or after the date of this Agreement, that are required to be incorporated by reference under Applicable Securities Laws in Canada into the Preliminary Prospectus, the Final Prospectus and/or any Supplementary Material, as applicable;

“**Environmental Laws**” has the meaning ascribed thereto in subsection 6(ii);

“**Environmental Permits**” has the meaning ascribed thereto in subsection 6(jj);

“**Exchange**” means the TSX Venture Exchange;

“**Exchange Letter**” means the letter dated May 26, 2014 from the Exchange conditionally approving the Offering;

“**Final Prospectus**” means the (final) short form prospectus, including all of the Documents Incorporated by Reference, to be prepared by the Corporation after the Closing Date relating to the qualification for distribution of the Qualified Securities and for which a receipt will be issued by the Ontario Securities Commission, as principal regulator, on its own behalf and on behalf of each of the other Securities Commissions in the Canadian Offering Jurisdictions;

“**Financial Statements**” has the meaning ascribed thereto in subsection 6(h);

“**Gross Proceeds**” means the gross proceeds raised from the sale of the Special Warrants, including any Optioned Special Warrants;

“**Hazardous Substances**” has the meaning ascribed thereto in subsection 6(ii); “**IFRS**” means International Financial Reporting Standards;

“**Indemnified Party**” has the meaning ascribed thereto in Section 14;

“**Intellectual Property**” means all trade or brand names, business names, trademarks, service marks, copyrights, patents, patent rights, licenses, industrial designs, know-how (including trade secrets and other unpatented or unpatentable proprietary or confidential information, systems or procedures), computer software inventions, designs and other industrial or intellectual property of any kind or nature whatsoever;

“**knowledge**” means, as it pertains to the Corporation, the actual knowledge of the executive officers of the Corporation in office as at the date of this Agreement, together with the knowledge which they would have had if they had conducted a diligent inquiry into the relevant subject matter;

“**Letter Agreement**” means the letter agreement dated May 15, 2014 between the Corporation and Cormark;

“**Licensed IP**” means the Intellectual Property owned by any person other than the Corporation and the Subsidiaries and which the Corporation and/or a Subsidiary uses;

“**material adverse change**” or “**material adverse effect**” means any change or effect on the Corporation and the Subsidiaries or their respective businesses that is or is reasonably likely to be materially adverse to the results of operations, financial condition, assets, properties, capital, liabilities (contingent or otherwise), cash flow, income or business operations of the Corporation and the Subsidiaries and their respective businesses, taken as a whole on a consolidated basis, after giving effect to this Agreement and the transactions contemplated hereby or that is or is reasonably likely to be materially adverse to the completion of the transactions contemplated by this Agreement;

“**Material Agreement**” means any material indebtedness, note, indenture, mortgage, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or a Subsidiary is a party or by which the Corporation, a Subsidiary or a material portion of the assets of the Corporation or a Subsidiary is bound;

“**material fact**” means a material fact for the purposes of Applicable Securities Laws or any of them or, where undefined under Applicable Securities Laws of a jurisdiction, means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Corporation’s securities;

“**Merger Agreement**” means the agreement and plan of merger dated May 15, 2014 among Overland, the Corporation and S3D Acquisition Company;

“**misrepresentation**” means a misrepresentation for the purposes of Applicable Securities Laws or any of them or where undefined under Applicable Securities Laws of a jurisdiction means: (i) an untrue statement of a material fact; or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

“**NI 45-102”** means National Instrument 45-102 – *Resale of Securities*;

“**NI 45-106**” means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“**NP 11-202**” means National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*;

“**OFAC**” has the meaning ascribed thereto in subsection 6(iii);

“**Offering**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Offering Jurisdictions**” has the meaning ascribed thereto in the third paragraph of this Agreement;

“**Offering Price**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Optioned Special Warrants**” has the meaning ascribed thereto in the second paragraph of this Agreement;

“**Overland**” means Overland Storage, Inc.;

“**Penalty**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Permits**” has the meaning ascribed thereto in subsection 6(mm);

“**person**” includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust, investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

“**Preliminary Prospectus**” means the preliminary short form prospectus, including all of the Documents Incorporated by Reference, to be prepared by the Corporation after the Closing Date relating to the qualification for distribution of the Qualified Securities and for which a receipt will be issued by the Ontario Securities Commission, as principal regulator, on its own behalf and on behalf of each of the other Securities Commissions in the Canadian Offering Jurisdictions;

“**Private Placement Exemption**” means (i) the “accredited investor” exemption under Section 2.3 of NI 45-106, or (ii) the “minimum amount investment” exemption under Section 2.10 of NI 45-106;

“**Prospectus**” means, collectively, the Preliminary Prospectus, the Final Prospectus and any amendments thereto;

“**Purchasers**” means, collectively, those persons who are purchasing the Special Warrants as contemplated herein, including Substituted Purchasers and/or the Underwriters;

“**Qualification Date**” means the date on which a final receipt is issued by the Ontario Securities Commission, on behalf of the securities regulatory authorities in each of the Canadian Offering Jurisdictions, for the filing of the Final Prospectus;

“**Qualification Deadline**” means 4:59 p.m. (Toronto time) on the date that is four months and a day immediately following the Closing Date;

“**Qualified Securities**” means the Common Shares and Warrants issuable upon conversion of the Special Warrants, the Common Shares and Warrants issuable pursuant to the Penalty (as applicable) and, for greater certainty, any Common Shares and Warrants issuable upon conversion of Optioned Special Warrants;

“**Refusing Underwriter**” has the meaning ascribed thereto in Section 16;

“**Registered Corporation IP**” means all Corporation IP that is the subject of registration with a national intellectual property office (including, without limitation, the CIPO and the USPTO) for intellectual property or applications for such registration with a national Intellectual Property office;

“**Regulation D**” means Regulation D adopted by the U.S. Securities Exchange Commission under the U.S. Securities Act;

“**Regulation S**” means Regulation S adopted by the U.S. Securities Exchange Commission under the U.S. Securities Act;

“**Relevant Proportions**” has the meaning ascribed thereto in Section 16;

“**Securities Commissions**” means the applicable securities regulatory authorities in the Offering Jurisdictions;

“**Special Warrant Indenture**” means the warrant indenture between the Corporation and Equity Financial Trust Company dated June 5, 2014 in connection with the registration and issuance of the Special Warrants;

“**Special Warrants**” has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Subscription Agreements**" means, collectively, the subscription agreements in the forms agreed to between the Corporation and the Underwriters to be entered into between the Substituted Purchasers and the Corporation in respect of the Offering, as amended or supplemented;

"**Subsidiaries**" means, collectively, Sphere 3D Inc., V3 Systems Holdings, Inc., Frostcat Technologies Inc. and S3D Acquisition Company;

"**Substituted Purchasers**" has the meaning ascribed thereto in Section 1(a);

"**Supplementary Material**" means, collectively, any amendment to the Preliminary Prospectus, the Final Prospectus, any amendment or supplemental prospectus or ancillary materials that may be filed by or on behalf of the Corporation under Applicable Securities Laws in the Canadian Offering Jurisdictions relating to the distribution of the Qualified Securities thereunder;

"**Taxes**" has the meaning ascribed thereto in subsection 6(j);

"**Time of Closing**" means 10:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Corporation and the Underwriters may agree;

"**Transfer Agent**" means the registrar and transfer agent of the Corporation, namely TMX Equity Transfer Services Inc.;

"**Underwriters**" has the meaning ascribed thereto in the first paragraph of this Agreement;

"**Underwriters' Option**" has the meaning ascribed thereto in the second paragraph of this Agreement;

"**Underwriting Fee**" has the meaning ascribed thereto in subsection 2(a);

"**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**United States Purchaser**" means a Purchaser who is in the United States or purchasing for the account or benefit of a person in the United States or a U.S. Person;

"**U.S. Person**" means a "U.S. person" as that term is defined in Rule 902(k) of Regulation S;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended;

"**USPTO**" means the United States Patent and Trademark Office;

"**Warrant Indenture**" means the warrant indenture between the Corporation and Equity Financial Trust Company dated June 5, 2014 in connection with the registration and issuance of the Warrants;

"**Warrant Shares**" has the meaning ascribed to such term in the first paragraph of this Agreement; and

"**Warrants**" has the meaning ascribed to such term in the first paragraph of this Agreement.

The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement. Unless otherwise expressly provided, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

If any provision of this Agreement shall be adjudged by a competent authority to be invalid or for any reason unenforceable, such invalidity or unenforceability shall not affect the validity, enforceability or operation of any other provision herein.

The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule “A” – United States Offers and Sales

Schedule “B” – List of Convertible Securities

Schedule “C” – Disclosure Statement

1. **Nature of Transaction**

(a) The Corporation understands that although the offer to purchase the Special Warrants is being made by the Underwriters as Purchaser, the Underwriters will endeavour to arrange for substituted purchasers (collectively, the “**Substituted Purchasers**”) for the Special Warrants in the Offering Jurisdictions, subject to acceptance by the Corporation, acting reasonably, of the Subscription Agreements. The Underwriters acknowledge that, subject to the conditions contained in Section 8 being satisfied and subject to the rights of the Underwriters contained in Section 11, the Underwriters are obligated to purchase or cause to be purchased all of the Special Warrants and that such obligation is not subject to the Underwriters being able to arrange for Substituted Purchasers.

(b) Each Purchaser resident in Canada shall purchase the Special Warrants under a Private Placement Exemption. The Underwriters will notify the Corporation with respect to the identity of any Purchaser as soon as practicable and with a view to leaving sufficient time to allow the Corporation to secure compliance with all relevant regulatory requirements of the applicable Offering Jurisdictions relating to the sale of the Special Warrants. The Corporation undertakes to file or cause to be filed all forms or undertakings required to be filed by the Corporation and to pay all filing fees in connection with the purchase and sale of the Special Warrants so that the distribution of such securities may lawfully occur without the necessity of filing a prospectus or an offering memorandum in Canada or comparable document in any other jurisdiction. The Underwriters undertake to use commercially reasonable efforts to cause Purchasers to complete any forms required by Applicable Securities Laws if so required.

(c) Any offer and sale of Special Warrants in the United States or for the account or benefit of any person in the United States or a U.S. Person shall be made pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws and in accordance with the terms and conditions set out in Schedule “A” to this Agreement. The Corporation and the Underwriters shall, and the Underwriters shall cause their respective U.S. broker-dealer affiliate through which sales of Special Warrants in the United States or for the account or benefit of a person in the United States or a U.S. Person are to be effected to, comply with the terms and conditions set out therein.

(d) The Corporation understands and, subject to its prior agreement as to the particular Substituted Purchasers, acting reasonably, agrees that the Underwriters may arrange for Purchasers of the Special Warrants in jurisdictions other than Canada and the United States, on a private placement basis and pursuant to Rule 903 of Regulation S, provided that the sale of such Special Warrants does not contravene Applicable Securities Laws of the jurisdiction where the Purchaser is resident and provided that such sale does not trigger: (i) any obligation to prepare and file a prospectus, registration statement or similar disclosure document; or (ii) any registration, filing or other obligation on the part of the Corporation including, but not limited, to any continuing obligation in that jurisdiction.

(e) If physical certificates representing the Special Warrants are issued and delivered to Purchasers at Closing, such certificates shall contain such restrictive legends as are set forth in the Subscription Agreements, as applicable.

2. **Underwriters' Compensation**

(a) In consideration for the performance of its obligations hereunder, the Corporation shall, subject to the provisions of this Agreement, pay to the Underwriters an aggregate fee (the "**Underwriting Fee**") equal to 6% of the Gross Proceeds.

(b) The Underwriters may retain one or more registered securities brokers or investment dealers to act as selling agent in connection with the sale of the Special Warrants but the compensation payable to such selling agent shall be the sole responsibility of the Underwriters and only as permitted by and in compliance with all Applicable Securities Laws, upon the terms and conditions set forth in this Agreement, and the Underwriters will require each such selling agent to so agree.

3. **Covenants and Certification of the Underwriters**

The Underwriters covenant, severally and not jointly, with the Corporation that they will:

(a) conduct activities in connection with arranging for Purchasers of the Special Warrants in compliance with Applicable Securities Laws;

(b) not deliver to any prospective Purchaser any document or material which constitutes an offering memorandum under Applicable Securities Laws;

(c) not solicit offers to purchase or sell the Special Warrants so as to require registration thereof or filing of a prospectus with respect thereto (except for the filing of a notice or report of the solicitation or sale and the Prospectus) or, in the case of any jurisdiction other than the Canadian Offering Jurisdictions, any continuous disclosure obligations on the part of the Corporation;

(d) obtain from each Substituted Purchaser an executed Subscription Agreement, together with all documentation as may be necessary in connection with subscriptions for the Special Warrants;

(e) refrain from any form of general advertising or any form of general solicitation in connection with the Offering in: (A) printed media of general and regular circulation or any similar medium; (B) radio; (C) television; or (D) electronic media or conduct any seminar or meeting concerning the offer and sale of the Special Warrants whose attendees have been invited by any form of general solicitation or general advertising, and not make use of any green sheet or other internal marketing document without the written consent of the Corporation, such consent to be promptly considered and not to be unreasonably withheld or delayed; and

(f) comply with, and ensure that they and their selling agents and their respective directors, officers, employees and affiliates comply with all Applicable Securities Laws and the terms and conditions set forth in this Agreement.

4. **Deliveries on Filing and Related Matters**

(a) The Corporation shall deliver, or cause to be delivered, to each of the Underwriters:

(i) prior to the filing of the Preliminary Prospectus and the Final Prospectus with the Securities Commissions in the Canadian Offering Jurisdictions, a copy of the Preliminary Prospectus and the Final Prospectus signed by the Corporation as required by Applicable Securities Laws,

(ii) prior to the filing of any Supplementary Material with the Securities Commissions in the Canadian Offering Jurisdictions, a copy of such Supplementary Material required to be filed by the Corporation in compliance with Applicable Securities Laws, and

(iii) concurrently with the filing of the Final Prospectus with the Securities Commissions in the Canadian Offering Jurisdictions, a "long form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Underwriters, acting reasonably, addressed to the Underwriters and the directors of the Corporation from the Corporation's auditors with respect to financial and accounting information relating to the Corporation contained in the Final Prospectus, which letter shall be based on a review by the Corporation's auditors within a cut-off date of not more than two Business Days prior to the date of the letter, which letter shall be in addition to the auditors' consent letter addressed to the Securities Commissions in the Canadian Offering Jurisdictions.

(b) Delivery of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material by the Corporation shall constitute the representation and warranty of the Corporation to the Underwriters that, as at their respective dates of filing:

(i) all information and statements (except information and statements relating solely to the Underwriters and provided by the Underwriters in writing) contained in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material, as the case may be, are true and correct in all material respects and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation and the Qualified Securities;

(ii) no material fact or information has been omitted therefrom (except facts or information relating solely to the Underwriters and provided by the Underwriters in writing) which is required to be stated in such disclosure or is necessary to make the statements or information contained in such disclosure not misleading in light of the circumstances under which they were made; and

(iii) except with respect to any information relating solely to the Underwriters and provided by the Underwriters in writing, such documents comply in all material respects with the requirements of Applicable Securities Laws in the Canadian Offering Jurisdictions.

Such deliveries shall also constitute the Corporation's consent to the Underwriters' use of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material in connection with the distribution of the Qualified Securities in the Canadian Offering Jurisdictions in compliance with this Agreement and Applicable Securities Laws.

(c) The Corporation shall cause commercial copies of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material to be delivered to the Underwriters without charge, in such numbers and in such locations as the Underwriters may reasonably request by written instructions to the Corporation's financial printer of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material. Such delivery shall be effected as soon as possible and, in any event, on or before the date which is one Business Day for deliveries to be made in Toronto and two Business Days for deliveries to be made outside of Toronto after the Ontario Securities Commission, as principal regulator, has issued a receipt in accordance with NP 11-202 in respect of the Preliminary Prospectus and the Final Prospectus, and on or before a date which is two Business Days after the Securities Commissions in the Canadian Offering Jurisdictions issue receipts in respect of, or accept for filing, as the case may be, any Supplementary Material.

5. **Material Changes**

(a) During the period from the date hereof until the completion of the distribution of the Qualified Securities, the Corporation shall promptly inform the Underwriters (and if requested by the Underwriters, confirm such notification in writing) of the full particulars of:

(i) any material change (actual, anticipated, contemplated, threatened, financial or otherwise) in the assets, liabilities (contingent or otherwise), business, affairs, operations or capital of the Corporation;

(ii) any material fact which has arisen or has been discovered and would have been required to have been stated in the Preliminary Prospectus or the Final Prospectus had the fact arisen or been discovered on, or prior to, the date of such documents; and

(iii) any change in any material fact contained in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material, as applicable, (collectively, the "**Offering Documents**") or whether any event or state of facts has occurred after the date hereof, which, in any case, is, or may be, of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents, or which would result in the Final Prospectus or any Supplementary Material not complying (to the extent that such compliance is required) with Applicable Securities Laws in the Canadian Offering Jurisdictions or which would reasonably be expected to have a significant effect on the market price or value of the Qualified Securities.

(b) Once the Preliminary Prospectus has been filed, the Corporation will comply with Section 57 of the *Securities Act* (Ontario) and with the comparable provisions of the other Canadian Securities Laws, and the Corporation will prepare and file promptly any Supplementary Material which may be necessary and will otherwise comply with all legal requirements necessary to continue to permit the Qualified Securities to be distributed in each of the Qualifying Jurisdictions as contemplated herein.

(c) In addition to the provisions of Sections 5(a) and 5(b), the Corporation shall in good faith discuss with the Underwriters any change, event or fact contemplated in Sections 5(a) and 5(b) which is of such a nature that there is or could be reasonable doubt as to whether notice should be given to the Underwriters under Section 5(a) and shall consult with the Underwriters with respect to the form and content of any amendment or other Supplementary Material proposed to be filed by the Corporation, it being understood and agreed that no such amendment or other Supplementary Material shall be filed with any Securities Commission prior to the review thereof by the Underwriters and the Underwriters' counsel, acting reasonably (unless otherwise required by Applicable Securities Laws).

(d) If during the period of distribution of the Qualified Securities there shall be any change in Applicable Securities Laws which, in the opinion of the Underwriters, acting reasonably, requires the filing of any Supplementary Material, upon written notice from the Underwriters, the Corporation shall, to the satisfaction of the Underwriters, acting reasonably, promptly prepare and file any such Supplementary Material with the appropriate Securities Commissions where such filing is required.

6. **Representations and Warranties of the Corporation**

The Corporation hereby represents and warrants to the Underwriters (on their own behalf and on behalf of each of the Purchasers) that as at the date hereof:

(a) the Corporation has been duly incorporated and is validly existing under the laws of its governing jurisdiction, has all requisite power and authority and is duly qualified to carry on its business as now conducted and to own or lease its properties and assets and the Corporation has all requisite corporate power and authority to carry out its obligations under this Agreement, the Subscription Agreements, the Warrant Indenture and the Special Warrant Indenture;

(b) other than as set forth in Schedule "C", to the knowledge of the Corporation, no agreement is in force or effect which in any manner affects the voting or control of any of the securities of the Corporation;

(c) the Corporation does not beneficially own or exercise control or direction over 10% or more of the outstanding voting shares of any company other than the Subsidiaries and, other than as set forth in Schedule "C", all of the issued and outstanding shares of each of the Subsidiaries are issued as fully paid and non-assessable shares, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no person, firm or corporation has any agreement, option, right or privilege (whether present or future, contingent or absolute, pre-emptive or contractual) capable of becoming an agreement, for the purchase from the Corporation or the Subsidiaries of any interest in any of the shares or for the issue or allotment of any unissued shares in the capital of the Subsidiaries or any other security convertible into or exchangeable for any such shares;

(d) each Subsidiary has been duly incorporated and is validly existing under the laws of its governing jurisdiction, has all requisite corporate power and authority and is duly qualified to carry on its business as now conducted and to own or lease its properties and assets;

(e) all consents, approvals, permits, authorizations or filings as may be required under Applicable Securities Laws necessary for (i) the execution and delivery of this Agreement, the Subscription Agreements, the Warrant Indenture and the Special Warrant Indenture, (ii) the issuance of the Common Shares and Warrants underlying the Special Warrants and the Warrant Shares, and (iii) the completion of the transactions contemplated hereby, have been made or obtained, as applicable, subject to certain specified conditions and exceptions contained in the Exchange Letter and the Corporation filing with the Securities Commissions, within 10 days from the date of the sale of the Special Warrants, a Form 45-106F1 (and, if applicable, a Form 45-106F6) prepared and executed in accordance with Applicable Securities Laws and accompanied by the prescribed fees and fee checklist form, if any, the Corporation filing with the U.S. Securities and Exchange Commission a notice on Form D within 15 days after the first sale of Special Warrants in the United States and all amendments required to be filed as a result of subsequent sales of Special Warrants in the United States, and the Corporation filing within prescribed time periods any notices required to be filed with state securities authorities under applicable blue sky laws in connection with any securities sold pursuant to Rule 506(b) of Regulation D promulgated under the U.S. Securities Act, to the extent applicable;

(f) the currently issued and outstanding Common Shares are listed and posted for trading on the Exchange and no order ceasing or suspending trading in any securities of the Corporation or prohibiting the trading of any of the Corporation's issued securities has been issued and no proceedings for such purpose are pending or, to the knowledge of the Corporation, threatened;

(g) the definitive form of certificate representing the Common Shares is in proper form under the laws of the province of Ontario and complies with the requirements of the Exchange and does not conflict with the constating documents of the Corporation;

(h) the audited financial statements of the Corporation for the fiscal year ended December 31, 2013 and the unaudited interim financial statements of the Corporation for the three month period ended March 31, 2014 (together, the "**Financial Statements**") (i) have been prepared in accordance with the requirements of IFRS, consistently applied throughout the periods referred to therein; (ii) present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise) of the Corporation as at such dates and results of operations of the Corporation for the periods then ended; and (iii) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation, and there has been no change in accounting policies or practices of the Corporation since the date of the Financial Statements;

(i) the Corporation has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to such shares;

(j) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by each of the Corporation and the Subsidiaries have been paid; all tax returns, declarations, remittances and filings required to be filed by each of the Corporation and the Subsidiaries have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading; to the knowledge of the Corporation, no examination of any tax return of the Corporation or any Subsidiary is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Corporation or any Subsidiary;

(k) the auditors of the Corporation who audited the financial statements of the Corporation for the fiscal year ended December 31, 2013 and who provided their audit report thereon are independent public accountants as required under Applicable Securities Laws;

(l) there has never been a reportable disagreement (within the meaning of National Instrument 51-102 – *Continuous Disclosure*) with the present or former auditors of the Corporation;

(m) each of the Corporation and the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(n) each of the Corporation and the Subsidiaries has established and maintains "disclosure controls and procedures" and "internal control over financial reporting" which the Board considers reasonable and appropriate in the Corporation's circumstances and in accordance with the provisions of IFRS;

(o) the audit committee of the Corporation is comprised and operates in accordance with the requirements of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators; the majority of the members of the audit committee are "independent" within the meaning of such instrument;

(p) as at the Closing Date, except for the Special Warrants and as set forth in Schedule "B" and Schedule "C" to this Agreement, no holder of outstanding securities of the Corporation will be entitled to any pre-emptive or any similar rights to subscribe for any of the Common Shares or other securities of the Corporation and no rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any shares in the capital of the Corporation are outstanding;

(q) other than as set forth in Schedule "C", no legal or governmental proceedings are pending to which the Corporation or a Subsidiary is a party or to which any of their respective property is subject that would result individually or in the aggregate in a material adverse change in the operation, business or condition of the Corporation or any Subsidiary, and to the knowledge of the Corporation, no such proceedings have been threatened against or are contemplated with respect to the Corporation, a Subsidiary or any of their respective properties;

(r) each of the Corporation and the Subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable laws and regulations of each jurisdiction in which it carries on business (including, without limitation, all applicable federal, provincial, municipal and local environmental anti-pollution and licensing laws, regulations and other lawful requirements of any governmental or regulatory body) and has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits which would have a material adverse effect on the Corporation or any of the Subsidiaries;

(s) the Corporation is a reporting issuer under Applicable Securities Laws in each of the provinces of British Columbia, Alberta and Ontario; the Corporation is not in default in any material respect of any requirement of Applicable Securities Laws of the Offering Jurisdictions nor is included in a list of defaulting reporting issuers maintained by the Securities Commissions. In particular, without limiting the foregoing, the Corporation is in compliance at the date hereof with its obligations to make timely disclosure of all material changes relating to it and, other than in respect of material change reports previously filed on a confidential basis and thereafter made public or material change reports previously filed on a confidential basis and in respect of which no material change ever resulted, no such disclosure has been made on a confidential basis and there is no material change relating to the Corporation which has occurred and with respect to which the requisite material change statement has not been filed, except to the extent that the Offering constitutes a material change;

(t) the execution and delivery of each of this Agreement, the Subscription Agreements, the Warrant Indenture and the Special Warrant Indenture and the compliance with all provisions contemplated thereunder, the offering and sale of the Special Warrants and the issuance of the Common Shares and Warrants issuable upon due exercise or deemed exercise of the Special Warrants and the issuance of the Warrant Shares issuable upon due exercise of the Warrants does not and will not:

  (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, securities regulatory authority or other third party, except: (i) such as have been obtained; or (ii) such as are set out in the Exchange Letter;

  (ii) result in a breach of or default under, nor create a state of facts which, after notice or lapse of time or both, would result in a breach of or default under, nor conflict with:

    (1) any of the terms, conditions or provisions of the constating documents or resolutions of the shareholders, directors or any committee of directors of the Corporation or any Subsidiary;

    (2) any statute, rule, regulation or law applicable to the Corporation or any Subsidiary, including, without limitation, Applicable Securities Laws of the Offering Jurisdictions, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Corporation or any Subsidiary; or

(3) any Material Agreement; and/or

(iii) give rise to any lien, charge or claim in or with respect to the properties or assets now owned or hereafter acquired by the Corporation or any Subsidiary or the acceleration of or the maturity of any debt under any indenture, mortgage, lease, agreement or instrument binding or affecting the Corporation or any Subsidiary or any of their respective properties;

(u) upon the execution and delivery thereof, each of this Agreement, the Subscription Agreements, the Warrant Indenture and the Special Warrant Indenture shall constitute a valid and binding obligation of the Corporation and each shall be enforceable against the Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

(v) at the Time of Closing, all necessary corporate action will have been taken by the Corporation to: (a) validly create, authorize and issue the Special Warrants; (b) validly create, authorize and issue the Warrants underlying the Special Warrants; and (c) allot, reserve and authorize the issuance of the Common Shares underlying the Special Warrants and the Warrant Shares as fully paid and non-assessable securities in the capital of the Corporation upon the due exercise of the Special Warrants and the Warrants, as the case may be;

(w) the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which, as of the close of business on June 4, 2014, 23,414,271 Common Shares are issued and outstanding;

(x) all information which has been prepared by the Corporation relating to the Corporation and its business, property and liabilities and either publicly disclosed or provided in writing to the Underwriters, including the Disclosure Documents and all financial, marketing, sales and operational information provided to the Underwriters are, as of the date of such information, true and correct in all material respects, and no fact or facts have been omitted therefrom which would make such information misleading;

(y) the Corporation has, and to the knowledge of the Corporation, the directors and officers of the Corporation have in all material respects answered every question or inquiry of the Underwriters and their counsel in connection with the Underwriters' due diligence investigations fully and truthfully;

(z) the Corporation intends to use a minimum of $5.0 million of the proceeds of the Offering to advance to Overland as an interim financing loan and the balance for working capital purposes;

(aa) except as contemplated hereby (including any selling agent retained by the Underwriters pursuant to Section 2(b)), there is no person acting or purporting to act at the request of the Corporation, who is entitled to any brokerage or agency fee in connection with the transactions contemplated herein;

(bb) all disclosure filings required to be made by the Corporation pursuant to Applicable Securities Laws have been made and such disclosure and filings were true and accurate as at the respective dates thereof and the Corporation has not filed any confidential material change reports;

(cc) the Corporation is not aware of any legislation, or proposed legislation (published by a legislative body having jurisdiction over the operations of the business carried on by the Corporation), which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of the Corporation and the Subsidiaries, taken as a whole;

(dd) each of the Corporation and the Subsidiaries is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance would not constitute an adverse material fact of the Corporation or any Subsidiary or result in a material adverse change to the Corporation or any Subsidiary;

(ee) there has not been and there is not currently any labour disruption or conflict which is adversely affecting or could adversely affect, in a material manner, the carrying on of the business of the Corporation or any Subsidiary;

(ff) neither the Corporation nor any Subsidiary has any loans or other indebtedness outstanding which have been made to any of their respective shareholders, officers, directors or employees, past or present, or any person not dealing at arm’s length with them, except for non-material amounts in the ordinary course of business;

(gg) other than as set forth in Schedule “C” and in the note to the Financial Statements entitled “Related Party Transactions”, none of the directors, officers or employees of the Corporation, any known holder of more than 10% of any class of shares of the Corporation, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Ontario)), has had any material interest, direct or indirect, in any material transaction within the previous one year or any proposed material transaction which, as the case may be, materially affected, is material to or will materially affect the Corporation and the Subsidiaries, taken as a whole;

(hh) the Corporation maintains insurance covering the properties, operations, personnel and businesses of the Corporation and its Subsidiaries as the Corporation reasonably deems adequate; such insurance insures against such losses and risks to an extent which is adequate in accordance with customary industry practice to protect the Corporation, its Subsidiaries and the business of the Corporation and its Subsidiaries; all such insurance is fully in force on the date hereof and will be fully in force on the Closing Date; the Corporation has no reason to believe that it will not be able to renew any such insurance as and when such insurance expires;

(ii) each of the Corporation and the Subsidiaries is in compliance with all applicable federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign (the “**Environmental Laws**”) relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance (the “**Hazardous Substances**”) except where such non-compliance would not constitute an adverse material fact in respect of the Corporation or any Subsidiary or result in a material adverse change to the Corporation or any Subsidiary;

(jj) there are no: (i) material licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the "**Environmental Permits**") necessary as at the date hereof for the operation of the businesses currently carried on by the Corporation and the Subsidiaries; or (ii) environmental audits, evaluations, assessments, studies or tests relating to the Corporation or any Subsidiary;

(kk) neither the Corporation nor any Subsidiary has used, except in compliance with all Environmental Laws and Environmental Permits, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance;

(ll) neither the Corporation nor any Subsidiary has received at any time any notice: (i) regarding an offence alleging, non-compliance with any Environmental Law; or (ii) alleging it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws;

(mm) each of the Corporation and the Subsidiaries holds all of the permits, licenses and like authorizations necessary for it to carry on its business in each jurisdiction where such business is carried on that are material to the conduct of the business of each of the Corporation and the Subsidiaries (collectively, the "**Permits**"); all such Permits are valid and subsisting and in good standing and none of the same contains any term, provision, condition or limitation which has or would reasonably be expected to affect or restrict in a materially adverse manner the operation of the business of the Corporation or any of the Subsidiaries, as now carried on or proposed to be carried on, and each of the Corporation and the Subsidiaries is not in breach thereof or in default with respect to filings to be effected or conditions to be fulfilled in order to maintain such Permits in good standing;

(nn) each of the Corporation and the Subsidiaries is in compliance with each Permit held by it and is not in violation of, or in default under, applicable laws;

(oo) each of the Corporation and the Subsidiaries is the sole legal and beneficial owner of, has good and marketable title to, and owns all right, title and interest in all Corporation IP and, other than as set forth in Schedule "C", free and clear of all encumbrances, charges, covenants, conditions, options to purchase and restrictions or other adverse claims or interest of any kind or nature, and neither the Corporation nor any of the Subsidiaries has knowledge of any claim of adverse ownership in respect thereof. No consent of any person other than the Corporation and/or the Subsidiaries is necessary to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Corporation IP and none of the Corporation IP comprises an improvement to Licensed IP that would give any person other than the Corporation and/or the Subsidiaries any rights to the Corporation IP, including, without limitation, rights to license the Corporation IP;

(pp) neither the Corporation nor any Subsidiary has received any notice or claim (whether written, oral or otherwise) challenging the Corporation's or any Subsidiary's ownership or right to use any of the Corporation IP or suggesting that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto, nor, to the knowledge of the Corporation and the Subsidiaries, is there a reasonable basis for any claim that any person other than the Corporation and the Subsidiaries has any claim of legal or beneficial ownership or other claim or interest in any of the Corporation IP;

(qq) all applications for registration of any Registered Corporation IP are in good standing, are recorded in the name of the Corporation or the Subsidiaries (except in the case of patents, which by their nature must be filed in the name of the inventor and then subsequently assigned to the Corporation) and have been filed in a timely manner in the appropriate offices to preserve the rights thereto and, in the case of a provisional application, each of the Corporation and the Subsidiaries confirms that all right, title and interest in and to the invention(s) disclosed in such application have been or as of the Closing Date will be assigned in writing (without any express right to revoke such assignment) to the Corporation or the Subsidiaries. There has been no public disclosure, sale or offer for sale of any Corporation IP in Canada, the United States and the European Union and, to the knowledge of the Corporation, anywhere else in the world that may prevent the valid issue of all available Intellectual Property rights in such Corporation IP. All material prior art or other information has been disclosed to the appropriate offices as required in accordance with Applicable IP Laws in the jurisdictions where the applications are pending;

(rr) all registrations of Registered Corporation IP are in good standing and are recorded in the name of the Corporation or a Subsidiary in the appropriate offices to preserve the rights thereto. All such registrations have been filed, prosecuted and obtained, as applicable, in accordance with all Applicable IP Laws and are currently in effect and in compliance with all Applicable IP Laws. No registration of Registered Corporation IP has expired, become abandoned, been cancelled or expunged, been dedicated to the public, or has lapsed for failure to be renewed or maintained;

(ss) the conduct of the business of each of the Corporation and the Subsidiaries (including, without limitation, the use or other exploitation of the Corporation IP by the Corporation and/or the Subsidiaries or other licensees) has not, does not and will not infringe, violate, misappropriate or otherwise conflict with any Intellectual Property right of any person;

(tt) neither the Corporation nor any Subsidiary is a party to any action or proceeding, nor, to the knowledge of the Corporation and the Subsidiaries, is or has any action or proceeding been threatened that alleges that any current or proposed conduct of their respective businesses (including, without limitation, the use or other exploitation of any Corporation IP by the Corporation, any Subsidiary or any customers, distributors or other licensees) has or will infringe, violate or misappropriate or otherwise conflict with any Intellectual Property right of any person;

(uu) to the knowledge of the Corporation and the Subsidiaries, no person has interfered with, infringed upon, misappropriated, illegally exported, or violated any rights with respect to the Corporation IP;

(vv) each of the Corporation and the Subsidiaries has entered into valid and enforceable written agreements pursuant to which the Corporation and/or the Subsidiaries has been granted all licenses and permissions to use, reproduce, sub license, sell, modify, update, enhance or otherwise exploit the Licensed IP to the extent required to operate all aspects of the business of each of the Corporation and the Subsidiaries currently and proposed to be conducted (including, if required, the right to incorporate such Licensed IP into the Corporation IP). All license agreements in respect of the Licensed IP are in full force and effect and none of the Corporation or the Subsidiaries, or to the knowledge of the Corporation and the Subsidiaries, any other person, is in default of its obligations thereunder;

(ww) to the extent that any of the Corporation IP is licensed or disclosed to any person or any person has access to such Corporation IP (including, without limitation, any employee, officer, shareholder or consultant of the Corporation or any Subsidiary), each of the Corporation and the Subsidiaries has entered into a valid and enforceable written agreement which contains terms and conditions prohibiting the unauthorized use, reproduction, disclosure, reverse engineering or transfer of such Corporation IP by such person. All such agreements are in full force and effect and none of the Corporation, a Subsidiary or to the knowledge of the Corporation and the Subsidiaries, any other person, is in default of its obligations thereunder;

(xx) each of the Corporation and the Subsidiaries has taken all actions that are contractually obligated to be taken and all actions that are customary and reasonable to protect the confidentiality of the Corporation IP;

(yy) to the knowledge of the Corporation and the Subsidiaries, it is not, and will not be, necessary for the Corporation or any of the Subsidiaries to utilize any Intellectual Property owned by or in possession of any of the employees (or people the Corporation or the Subsidiaries currently intend to hire) made prior to their employment with the Corporation or the Subsidiaries in violation of the rights of such employee or any of his or her prior employers;

(zz) neither the Corporation nor any Subsidiary has received any advice or any opinion that any of the Corporation IP is invalid or unregistrable or unenforceable, in whole or in part;

(aaa) neither the Corporation nor any Subsidiary has received any grant relating to research and development which is subject to repayment in whole or in part or to conversion to debt upon the sale of any Common Shares or which may affect the right of ownership of the Corporation or any Subsidiary in the Corporation IP;

(bbb) each of the Corporation and the Subsidiaries has and enforces a policy requiring each employee and consultant to execute a non-disclosure agreement and all current employees and consultants of each of the Corporation and the Subsidiaries have executed such agreement and to the knowledge of the Corporation and the Subsidiaries, all past employees and consultants who were involved with the development of Corporation IP of each of the Corporation and the Subsidiaries have executed such agreement;

(ccc) all of the present and, to the knowledge of the Corporation and the Subsidiaries, past employees of the Corporation and the Subsidiaries and all of the present and, to the knowledge of the Corporation and the Subsidiaries, past consultants, contractors and agents of the Corporation and the Subsidiaries performing services relating to the development, modification or support of the Corporation IP, have entered into a written agreement assigning to the Corporation and/or the Subsidiaries all right, title and interest in and to all such Intellectual Property and waiving any moral rights thereto;

(ddd) any and all fees or payments required to keep the Corporation IP and the Licensed IP in force or in effect have been paid, except those which the Corporation has determined the failure to pay would not have a material adverse effect;

(eee) to the knowledge of the Corporation and the Subsidiaries, there is no claim of infringement or breach by the Corporation or any Subsidiary of any industrial or Intellectual Property rights of any other person, nor has the Corporation or any Subsidiary received any notice or threat from any such third party, nor is the Corporation or any Subsidiary otherwise aware that the use of the industrial or Intellectual Property of the Corporation or any Subsidiary infringes upon or breaches any industrial or Intellectual Property rights of any other person;

(fff) there are no Intellectual Property disputes, negotiations, agreements or communications between the Corporation or any Subsidiary and any other persons relating to or potentially relating to the business of the Corporation or any Subsidiary;

(ggg) neither the Corporation nor any Subsidiary is aware of any reason as a result of which it is not entitled to make use of and commercially exploit the Corporation IP. With respect to each license or agreement by which the Corporation or any Subsidiary has obtained the rights to exploit, in any way, the Licensed IP rights of any other person or by which the Corporation or any Subsidiary has granted to any third party the right to so exploit such Licensed IP:

(i) such license or agreement is in full force and effect and is legal, valid, binding and enforceable in accordance with its terms, except to the extent that enforceability may be limited by: (a) applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally; or (b) laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and represents the entire agreement between the parties thereto with respect to the subject matter thereof, and no event of default has occurred and is continuing under any such license or agreement;

(ii) (a) neither the Corporation nor any Subsidiary has received any notice of termination or cancellation under such license or agreement, and no party thereto has any right of termination or cancellation thereunder except in accordance with its terms; (b) neither the Corporation nor any Subsidiary has received any notice of a breach or default under such license or agreement which breach or default has not been cured; and (c) neither the Corporation nor any Subsidiary has granted to any other person any rights adverse to, or in conflict with, such license or agreement; and

(iii) neither the Corporation nor any Subsidiary is aware of any other party to such license or agreement that is in breach or default thereof, and is not aware of any event that has occurred that, with notice or lapse of time would constitute such a breach or default or permit termination, modification or acceleration under such license or agreement;

(hhh) neither the Corporation nor any Subsidiary nor, to the knowledge of the Corporation, any director, officer, agent, employee or other person associated with or acting on behalf of the Corporation or any Subsidiary has: (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the *Corruption of Foreign Officials Act* (Canada); or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment;

(iii) none of the Corporation, any of its Subsidiaries or, to the knowledge of the Corporation, any director, officer, agent, employee or affiliate of the Corporation or any of its Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), and the Corporation will not directly or indirectly use any of the Gross Proceeds, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any United States sanctions administered by OFAC; and

(jjj) the Transfer Agent at its principal office in the City of Toronto, is the duly appointed registrar and transfer agent of the Corporation with respect to the Common Shares.

The Corporation acknowledges that the Underwriters and each of the Purchasers are relying upon such representations and warranties.

7. Covenants of the Corporation

The Corporation hereby covenants to and with the Underwriters (on their own behalf and on behalf of the Purchasers) that:

(a) the Corporation will use commercially reasonable efforts to maintain its status as a reporting issuer not in default in each the Offering Jurisdictions in which it is a reporting issuer or the equivalent for a period of three years following the date of this Agreement, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a "reporting issuer" so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or United States, or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the Exchange (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(b) the Corporation will use commercially reasonable efforts to ensure that all Common Shares outstanding or issuable from time to time (including for certainty the Common Shares issuable upon due exercise or deemed exercise of the Special Warrants and the Warrant Shares issuable due upon exercise of the Warrants) are listed on the Exchange (or such other stock exchange acceptable to the Corporation) for a period of three years following the date of this Agreement, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the United States, or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the Exchange (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(c) the Corporation will ensure that the Common Shares issuable upon due exercise or deemed exercise of the Special Warrants and the Warrant Shares will be conditionally approved for listing on the Exchange upon their issue;

(d) in the event any person acting or purporting to act for the Corporation establishes a claim from the Underwriters for any brokerage or agency fee in connection with the transactions contemplated herein, the Corporation shall indemnify and hold harmless the Underwriters with respect thereto and with respect to all costs reasonably incurred in the defence thereof unless such claim is made by a selling agent appointed by the Underwriters pursuant to Section 2(b);

(e) until the date that is 120 days following the Closing Date, without the prior written consent of Cormark on behalf of the Underwriters, in all cases such consent not to be unreasonably withheld or delayed, the Corporation agrees not to issue, agree to issue, or announce an intention to issue, any Common Shares or any securities convertible into or exercisable for Common Shares, except in connection with (i) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Corporation and other share compensation arrangements; (ii) the exercise of outstanding warrants or convertible debt (including for greater certainty, the convertible debentures issued by the Company to Cyrus Capital L.P. and/or its affiliates (collectively, "**Cyrus**") on March 21, 2014); (iii) the supply agreement dated July 21, 2013 between Overland and the Corporation; (iv) the acquisition of certain technology assets of V3 Systems, Inc. and transactions related thereto; and (v) the acquisition of Overland and transactions related thereto as more particularly set forth in the Agreement and Plan of Merger dated May 15, 2014 (including, for greater certainty, in connection with issuance of or assumption of the convertible debentures issued by Overland to Cyrus);

(f) prior to the Time of Closing and at all times until a receipt for a Final Prospectus is issued, the Corporation will allow the Underwriters (and their counsel and consultants) to conduct all due diligence which the Underwriters may reasonably require or which may be considered necessary or appropriate by the Underwriters. The Corporation will provide to the Underwriters (and their counsel) reasonable access to the Corporation's assets, senior management personnel and corporate, financial and other records, for the purposes of conducting such due diligence. Without limiting the scope of the due diligence inquiry the Underwriters (or their counsel) may conduct, the Corporation shall also make available its directors, senior management, auditors and counsel to answer any questions that the Underwriters may have and to participate in one or more due diligence sessions to be held prior to Closing and prior to filing each of the Preliminary Prospectus and Final Prospectus and to use its commercially reasonable efforts to arrange for the auditors of the Corporation to provide written responses in connection with any such due diligence session;

(g) the Corporation will fulfil all legal requirements to permit at the Time of Closing the creation, issuance, offering and sale of the Special Warrants and the Qualified Securities, all as contemplated in this Agreement and file or cause to be filed all documents, applications, forms or undertakings required to be filed by the Corporation and take or cause to be taken all action required to be taken by the Corporation in connection with the purchase and sale of the Special Warrants and the issuance of the Qualified Securities, so that the distribution of the Qualified Securities may lawfully occur without the necessity of filing a prospectus in Canada or a registration statement in the United States or similar document in any other jurisdiction;

(h) until the date of the completion of the distribution of the Qualified Securities, the Corporation will use commercially reasonable efforts to ensure the Preliminary Prospectus and the Final Prospectus comply at all times with Applicable Securities Laws in Canada;

(i) during the period from the date hereof until the completion of the distribution of the Qualified Securities, the Corporation shall promptly inform the Underwriters of the full particulars of any request of any Securities Commission for any information, or the receipt by the Corporation of any communication from any Securities Commission or any other competent authority relating to the Corporation or which may be relevant to the distribution of the Qualified Securities;

(j) until the earlier of the Qualification Date and the Qualification Deadline, the Corporation shall use commercially reasonable efforts to promptly provide to the Underwriters and the Underwriters' counsel, prior to the publication, filing or issuance thereof, any communication to the public;

(k) the Corporation shall advise the Underwriters, promptly after receiving notice thereof, of the time when the Preliminary Prospectus, the Final Prospectus and any Supplementary Material have been filed and receipts therefor have been obtained pursuant to NP 11-202 and the Corporation shall provide evidence reasonably satisfactory to the Underwriters of each such filing and copies of such receipts;

(l) the Corporation shall advise the Underwriters, promptly after receiving notice or obtaining knowledge thereof, of:

(i) the issuance by any Securities Commission of any order suspending or preventing the use of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material;

(ii) the institution, threatening or contemplation of any proceeding for any such purposes;

(iii) any order, ruling, or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation having been issued by any Securities Commission or the institution, threatening or contemplation of any proceeding for any such purposes; or

(iv) any requests made by any Securities Commission for amending or supplementing the Preliminary Prospectus or the Final Prospectus or for additional information, and will use its commercially reasonable efforts to prevent the issuance of any order referred to in (i) above and, if any such order is issued, to obtain the withdrawal thereof as soon as possible;

(m) the Corporation shall use its best efforts to qualify the distribution of the Qualified Securities in the Canadian Offering Jurisdictions to holders of the Special Warrants and use its best efforts to file the Preliminary Prospectus in each of the Canadian Offering Jurisdictions as soon as possible following the Closing Date and shall use its best efforts to satisfy all comments with respect to the Preliminary Prospectus, prepare and file the Final Prospectus under Applicable Securities Laws, obtain a receipt for the Final Prospectus from each of the Canadian Offering Jurisdictions, and take all other steps and proceedings that may be necessary to be taken by the Corporation in order to qualify the Qualified Securities for distribution in each of the Canadian Offering Jurisdictions under Applicable Securities Laws, as soon as practicable following the Closing Date and, in any event, prior to July 31, 2014;

(n) notwithstanding anything contained in the foregoing Section 7(m), in the event the Corporation fails to qualify the Qualified Securities for distribution in each of the Canadian Offering Jurisdictions prior to July 31, 2014, until the Qualification Deadline, the Corporation shall continue to use its best efforts to obtain a receipt for the Final Prospectus from each of the Canadian Offering Jurisdictions, and take all other steps and proceedings that may be necessary to be taken by the Corporation in order to qualify the Qualified Securities for distribution in each of the Canadian Offering Jurisdictions under Applicable Securities Laws;

(o) the Corporation shall allow the Underwriters to participate in the preparation of the Preliminary Prospectus, Final Prospectus and any Supplementary Material that the Corporation is required to file under Applicable Securities Laws relating to the Offering;

(p) the Corporation will deliver to the Underwriters, without charge, contemporaneously with, or prior to the filing of, the Final Prospectus, unless otherwise indicated:

(i) a copy of any document filed with, or delivered to, the Securities Commissions by the Corporation under Applicable Securities Laws with the Final Prospectus;

(ii) a certificate dated the date of the Final Prospectus, addressed to the Underwriters and signed by the Chief Executive Officer and Chief Financial Officer (or such other officer or officers of the Corporation acceptable to the Underwriters, acting reasonably) to the effect that, to their knowledge, information and belief, after due enquiry and without personal liability:

(1) the representations and warranties of the Corporation in this Agreement are true and correct in all respects as at the date of the Final Prospectus and the Corporation has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied in all respects at or prior to the date of the Final Prospectus;

(2) no order, ruling or determination having the effect of suspending the sale or ceasing, suspending or restricting the trading of Special Warrants or the Qualified Securities in any of the Offering Jurisdictions has been issued or made by any stock exchange, securities commission or regulatory authority and is continuing in effect and no proceedings, investigations or enquiries for that purpose have been instituted or are pending or, to the knowledge of such officers, threatened;

(3) since the Time of Closing, there has been no material adverse change in the business, affairs, operations, assets, liabilities or capital of the Corporation; and

(q) the Corporation shall, as soon as practicable, use its commercially reasonable best efforts to receive all necessary consents to the transactions contemplated herein.

8. **Conditions to Closing**

The obligation of the Underwriters to purchase the Special Warrants on the Closing Date shall be subject to the following conditions, which conditions the Corporation covenants to exercise its commercially reasonable best efforts to have fulfilled on or prior to the Time of Closing and which conditions may be waived in writing in whole or in part by the Underwriters:

(a) the Corporation will have made and/or obtained the necessary filings, approvals, consents and acceptances of the appropriate regulatory authorities required to be made or obtained by the Corporation in connection with the sale of the Special Warrants to the Purchasers prior to the Time of Closing as herein contemplated, it being understood that the Underwriters shall do all that is reasonably required to assist the Corporation to fulfil this condition, subject to certain specified conditions and exceptions contained in the Exchange Letter and the Corporation filing with the Securities Commissions in the Canadian Offering Jurisdictions, within 10 days from the date of the sale of the Special Warrants, a Form 45-106F1 (and, if applicable, a Form 45-106F6) prepared and executed in accordance with Applicable Securities Laws and accompanied by the prescribed fees and fee checklist form, if any, the Corporation filing with the U.S. Securities and Exchange Commission a notice on Form D within 15 days after the first sale of Special Warrants in the United States or for the account or benefit of a person in the United States or a U.S. Person and all amendments required to be filed as a result of subsequent sales of Special Warrants in the United States or for the account or benefit of a person in the United States or U.S. Persons, and the Corporation filing within prescribed time periods any notices required to be filed with state securities authorities under applicable state securities laws in connection with the sale of the Special Warrants pursuant to an exemption from such state securities laws, including without limitation any Special Warrants sold pursuant to Rule 506 of Regulation D promulgated under the U.S. Securities Act;

(b) the Board shall have authorized and approved (i) the execution and delivery of this Agreement, the Warrant Indenture and the Special Warrant Indenture, (ii) the acceptance of the Subscription Agreements, if any, (iii) the creation, issuance and delivery of the Special Warrants, (iv) the allotment, reservation and issuance of the Common Shares issuable upon due exercise or deemed exercise of the Special Warrants and the Warrant Shares upon due exercise of the Warrants as fully paid and non-assessable securities in the capital of the Corporation, and (v) the creation, issuance and delivery of the Warrants upon the due exercise or deemed exercise of the Special Warrants;

(c) the Corporation shall have accepted one or more subscriptions for Special Warrants from the Purchasers;

(d) the Underwriters shall have received opinions, dated the Closing Date, of the Corporation's counsel, Meretsky Law Firm, Barristers and Solicitors, and local counsel in any other Canadian province where the Special Warrants are sold (it being understood that such counsel may rely to the extent appropriate in the circumstance (i) as to matters of fact, on certificates of the Corporation executed on its behalf by a senior officer of the Corporation and on certificates of the Transfer Agent, as to the issued capital of the Corporation; and (ii) as to matters of fact not independently established, on certificates of the Corporation's auditors or a public official) with respect to the following matters (with such opinions being subject to usual and customary assumptions and qualifications, including the qualifications set out below):

(i) as to the incorporation and subsistence of the Corporation under the laws of the province of Ontario and as to the corporate power of the Corporation to carry out its obligations under this Agreement and to issue the Special Warrants;

(ii) as to the authorized and issued capital of the Corporation;

(iii) that the Corporation has all requisite corporate power and authority under the laws of its jurisdiction of incorporation to carry on its business as presently carried on and to own or lease its properties and assets;

(iv) that none of the execution and delivery of this Agreement, the Subscription Agreements, the Warrant Indenture or the Special Warrant Indenture, the performance by the Corporation of its obligations hereunder and thereunder, the sale or issuance of the Special Warrants, the issuance of the Common Shares and Warrants upon due exercise or deemed exercise of the Special Warrants nor the issuance of the Warrant Shares upon due exercise of the Warrants will conflict with or result in any breach of the articles or by-laws of the Corporation;

(v) that each of this Agreement, the Subscription Agreements, the Warrant Indenture and the Special Warrant Indenture has been duly authorized and executed and delivered by the Corporation, and constitutes a valid and legally binding obligation of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity and contribution may be limited by applicable law;

(vi) that the Special Warrants have been duly and validly created and issued;

(vii) that the Common Shares issuable upon due exercise or deemed exercise of the Special Warrants have been duly authorized and validly allotted for issuance by the Corporation and, when issued in accordance with the terms of the Special Warrant Indenture, will be outstanding as fully paid and non-assessable shares of the Corporation;

(viii) that the Warrants issuable upon due exercise or deemed exercise of the Special Warrants have been duly authorized and allotted for issuance by the Corporation and, when issued in accordance with the terms of the Special Warrant Indenture, will be validly created and issued;

(ix) that the Warrant Shares issuable upon due exercise of the Warrants have been authorized and allotted for issuance by the Corporation and, when issued in accordance with the terms of the Warrant Indenture, the Warrant Shares will be validly issued as fully paid and non-assessable shares of the Corporation;

(x) that the issuance and sale by the Corporation of the Special Warrants to the Purchasers is exempt from the prospectus requirements of Applicable Securities Laws of the Canadian Offering Jurisdictions and no documents are required to be filed (other than specified forms accompanied by requisite filing fees), proceedings taken or approvals, permits, consents or authorizations obtained under Applicable Securities Laws of the Canadian Offering Jurisdictions to permit such issuance and sale;

(xi) that the issuance of the Common Shares and Warrants upon due exercise or deemed exercise of the Special Warrants and the issuance of the Warrant Shares upon due exercise of the Warrants are exempt from the prospectus requirements of Applicable Securities Laws of the Canadian Offering Jurisdictions and that no other documents will be required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under Applicable Securities Laws of the Canadian Offering Jurisdictions to permit such issuance;

(xii) that the first trade of the Special Warrants will be a "distribution" within the meaning of Applicable Securities Laws of the Canadian Offering Jurisdictions and subject to the prospectus requirements under Applicable Securities Laws of the Canadian Offering Jurisdictions, unless such trade is otherwise exempt from the prospectus requirements under Applicable Securities Laws of the Canadian Offering Jurisdictions, or unless the conditions set out in Section 2.5(2) of NI 45- 102 are satisfied;

(xiii) that the first trade of the Common Shares and Warrants issuable upon due exercise or deemed exercise of the Special Warrants and the first trade of the Warrant Shares issuable upon due exercise of the Warrants will be a "distribution" within the meaning of Applicable Securities Laws of the Canadian Offering Jurisdictions and subject to the prospectus requirements under Applicable Securities Laws of the Canadian Offering Jurisdictions, unless such trade is otherwise exempt from the prospectus requirements under Applicable Securities Laws of the Canadian Offering Jurisdictions, or unless the conditions set out in Section 2.5(2) of NI 45-102 are satisfied;

(xiv) that the Offering has been conditionally accepted by the Exchange; and

(xv) as to such other matters as the Underwriters' legal counsel may reasonably request and customary in a financing transaction of this nature prior to the Time of Closing;

(e) the Underwriters shall have received favourable legal opinions by the Corporation's tax counsel, Thorsteinssons LLP, in form and substance satisfactory to the Underwriters, acting reasonably, dated the Closing Date that the Common Shares underlying the Special Warrants and the Warrant Shares will be eligible for registered retirement savings plans, registered education savings plans, registered retirement income funds, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans;

(f) the Underwriters shall have received favourable legal opinions by local counsel in the jurisdiction of incorporation of each Subsidiary, in form and substance satisfactory to the Underwriters, acting reasonably, dated the Closing Date and with respect to the following matters:

(i) the incorporation and existence of the Subsidiary under the laws of its jurisdiction of incorporation;

(ii) as to the registered ownership of the issued and outstanding shares of the Subsidiary; and

(iii) that the Subsidiary has all requisite corporate power under the laws of its jurisdiction of incorporation to carry on its business as presently carried on and own or lease its properties and assets;

(g) if any of the Purchasers are in the United States, the Underwriters shall have received a legal opinion from Dorsey & Whitney LLP, United States counsel for the Corporation, dated as of the Closing Date, in form and substance satisfactory to the Underwriters, acting reasonably, that the initial sale of the Special Warrants in the United States is not required to be registered under the U.S. Securities Act;

(h) the Underwriters shall have received an incumbency certificate dated the Closing Date including specimen signatures of the Chief Executive Officer, the Chief Financial Officer and any other officer of the Corporation signing this Agreement or any document delivered hereunder;

(i) the Underwriters shall have received a certificate, dated the Closing Date, of the Chief Executive Officer and the Chief Financial Officer of the Corporation (or such other officer or officers of the Corporation acceptable to the Underwriters, acting reasonably), to the effect that, to their knowledge, information and belief, after due enquiry and without personal liability:

  (i) no order, ruling or determination having the effect of suspending the sale or ceasing, suspending or restricting the trading of Special Warrants or the Qualified Securities in any of the Offering Jurisdictions has been issued or made by any stock exchange, securities commission or regulatory authority and is continuing in effect and no proceedings, investigations or enquiries for that purpose have been instituted or are pending or, to the knowledge of such officers, threatened;

  (ii) the constating documents of the Corporation delivered at Closing are full, true and correct copies, unamended, and in effect on the date thereof;

  (iii) the minutes or other records of various proceedings and actions of the Board relating to the Offering and delivered at Closing are true and correct copies thereof and have not been modified or rescinded as of the date thereof; and

  (iv) since December 31, 2013, there has been no material adverse change in the business, affairs, operations, assets, liabilities or capital of the Corporation;

(j) the Corporation shall not have received any notice from the Exchange that the Common Shares issuable upon due exercise or deemed exercise of the Special Warrants or the Warrant Shares issuable upon due exercise of the Warrants shall not be accepted for listing on the Exchange;

(k) that final acceptance of the Offering by the Exchange is subject only to the fulfilment of such other conditions of the Exchange as set out in the Exchange Letter;

(l) the Underwriters shall have conducted all due diligence inquiries and investigations and not identified any material adverse changes or misrepresentations or any items materially adversely affecting the Corporation's affairs which exist as of the date hereof but which have not been widely disseminated to the public;

(m) the Underwriters shall have received confirmation from the Corporation that the Corporation is not on the defaulting issuer's list (or equivalent) maintained by the Securities Commissions in the Canadian Offering Jurisdictions; and

(n) the Underwriters shall not have exercised any rights of termination set forth in Section 11.

The Corporation agrees that the conditions contained in this Section 8 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Corporation and that it will use its best efforts to cause all such conditions to be complied with. The Corporation further agrees that all representations, warranties, covenants and other terms of this Agreement shall be and shall be deemed to be conditions, and any breach or failure to comply with any of them will entitle any of the Underwriters to terminate its obligations to purchase the Special Warrants, by written notice to that effect given to the Corporation at or prior to the Time of Closing. It is understood that the Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Underwriters in respect of any such terms and conditions or any other or subsequent breach or non-compliance of the Corporation, provided that to be binding on the Underwriters any such waiver or extension must be in writing and signed by each of the Underwriters.

The Corporation agrees that the aforesaid legal opinions and certificates to be delivered at the Time of Closing will be addressed to the Underwriters, the Underwriters' counsel and the Purchasers and that the Underwriters may deliver copies thereof to such persons.

9. **Conflict of Interest**

The Corporation acknowledges that the Underwriters and their affiliates carry on a range of businesses, including providing stockbroking, investment advisory, research, investment management and custodial services to clients and trading in financial products as agent or principal. It is possible that the Underwriters and other entities in their respective groups that carry on those businesses may hold long or short positions in securities of companies or other entities, which are or may be involved in the transactions contemplated in this Agreement and effect transactions in those securities for their own account or for the account of their respective clients. The Corporation agrees that these divisions and entities may hold such positions and effect such transactions without regard to the Corporation's interests under this Agreement.

10. **Fiduciary**

The Corporation hereby acknowledges that the Underwriters are acting solely as underwriters in connection with the offer and sale of the Special Warrants. The Corporation further acknowledges that the Underwriters are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Corporation, its management, shareholders or creditors or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of such offer and sale of the Corporation's securities, either before or after the date hereof. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Corporation, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Corporation hereby confirms its understanding and agreement to that effect. The Corporation and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Underwriters to the Corporation regarding such transactions, including but not limited to any opinions or views with respect to the price or market for the Corporation's securities, do not constitute advice or recommendations to the Corporation. The Corporation and the Underwriters agree that the Underwriters are acting as principal and not the agent or fiduciary of the Corporation and the Underwriters have not, and the Underwriters will not assume, any advisory responsibility in favour of the Corporation with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Underwriters have advised or are currently advising the Corporation on other matters). The Corporation hereby waives and releases, to the fullest extent permitted by law, any claims that the Corporation may have against the Underwriters with respect to any breach or alleged breach of any fiduciary duty to the Corporation in connection with the transactions contemplated by this Agreement.

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11. **Termination of Obligations**

If at any time before the Time of Closing:

(a) there shall have occurred any material change or change in a material fact or the Underwriters shall discover any previously undisclosed material fact which in the reasonable opinion of the Underwriters (or any one of them) would be expected to have a significant adverse effect on the market price or value of the securities of the Corporation (including the Special Warrants) or an adverse change or effect on the business or affairs of the Corporation;

(b) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is commenced, announced or threatened in relation to the Corporation or any one of the officers or directors or principal shareholders of the Corporation where wrong-doing is alleged or any order is issued under or pursuant to any statute of Canada or any province thereof or any statute of the United States or any state thereof or any other governmental department, commission, board, bureau, agency or instrumentality, including without limitation the Exchange or securities regulatory authority, in relation to the Corporation or any of their securities, which involves a finding of wrong-doing that adversely affects the trading or distribution or marketability of the Special Warrants or any securities of the Corporation;

(c) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence or catastrophe, war or act of terrorism of national or international consequence or any new or change in any law or regulation which, in the opinion of the Underwriters (or any one of them), seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation and its Subsidiaries, taken as a whole, or the market price or value of the securities of the Corporation (including the Special Warrants);

(d) any order, action, proceeding or cease trading order which operates to prevent or restrict the trading of the Common Shares or any other securities of the Corporation is made or threatened by a securities regulatory authority; or

(e) the Corporation is in breach of a material term, condition or covenant of this Agreement or any representation or warranty given by the Corporation in this Agreement becomes or is false in any material respect,

the Underwriters (or any one of them) shall be entitled to terminate and cancel their obligations to the Corporation hereunder by written notice to that effect given to the Corporation prior to the Closing Date.

Any termination pursuant to the foregoing provisions shall be effected by notice in writing delivered by the Underwriters to the Corporation at its address as herein set out. Notwithstanding the giving of any notice of termination hereunder, the expenses agreed to be paid by the Corporation shall be paid by the Corporation as herein provided and the obligations of the Corporation under Sections 13, 14 and 15 shall survive.

In the event of a termination pursuant to and in accordance with the provisions hereof and notice having been given, as aforesaid, there will be no further liability on the part of the Underwriters or the Corporation under this Agreement, except in respect of any liability which may have arisen or may thereafter arise pursuant to Sections 13, 14 and 15. The rights of the Underwriters to terminate their obligations hereunder are in addition to, and without prejudice to, any other remedies they may have.

12. **Closing**

Closing will be completed at the offices of Meretsky Law Firm, Barristers and Solicitors, Standard Life Centre, 121 King Street West, Suite 2150, Toronto, Ontario, or such other place or places as may be agreed upon by the Corporation and the Underwriters, at the Time of Closing, provided that if the Corporation has not been able to comply with any of the conditions to Closing set forth under "Conditions to Closing" prior to the Time of Closing, the Closing Date may be extended by mutual agreement of the Corporation and the Underwriters, failing which, the respective obligations of the parties will terminate without further liability or obligation except as set out under Sections 13, 14 and 15.

At the Time of Closing, the Corporation shall deliver to the Underwriters:

(a) certificates in definitive form and/or book-entry only securities, duly registered as the Underwriters may direct, representing the Special Warrants,

(b) the requisite legal opinions and certificates as contemplated in Section 8;

(c) a direction addressed to the Underwriters directing the Underwriters to pay the Gross Proceeds less the Underwriting Fee and the reasonable out-of-pocket expenses of the Underwriters including the fees and disbursements of counsel to the Underwriters and, if directed in writing, the fees and expenses of counsel to the Corporation; and

(d) such further documentation as may be contemplated herein,

against payment of the purchase price for the Special Warrants by certified cheque, bank draft or wire transfer to the Corporation as contemplated herein.

13. **Expenses**

Whether or not the Closing occurs, the Corporation shall pay all costs and expenses of or incidental to the Offering, including, without limitation, the listing of the Common Shares underlying the Special Warrants and the Warrant Shares on the Exchange, the cost of printing the certificates representing the Special Warrants, the cost of registration and delivery of such certificates and the fees and expenses of the Corporation's auditors, counsel and local counsel. The reasonable fees of the Underwriters' legal counsel (up to a maximum of $125,000 (excluding applicable taxes and disbursements)) and the Underwriters' reasonable out-of-pocket expenses shall be paid at Closing by the Corporation to the Underwriters upon written direction from the Underwriters as to such costs and expenses, together with supporting back-up documentation, in a form acceptable to the Corporation, acting reasonably.

14. **Indemnity**

The Corporation covenants and agrees to indemnify and save harmless the Underwriters and each of their respective directors, officers, employees, shareholders and agents (collectively, the "**Underwriters Personnel**"), against all losses (other than loss of profits), claims, damages, liabilities, costs or expenses, whether joint or several, caused or incurred insofar as such losses (other than loss of profits), claims, damages, liabilities, costs or expenses arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Corporation by the Underwriters and the Underwriters Personnel hereunder, or otherwise in connection with the matters referred to in this Agreement, including, without limitation, the following:

(a) any document filed by the Corporation with the relevant securities regulatory authorities in Canada since public listing, including all press releases filed on SEDAR, which at the time and in the light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;

(b) the omission or alleged omission to state in any certificate of the Corporation or of any officers of the Corporation delivered hereunder or pursuant hereto any material fact required to be stated therein where such omission or alleged omission constitutes or is alleged to constitute a misrepresentation;

(c) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority, stock exchange or by any other competent authority based upon any failure or alleged failure to comply with applicable securities laws (other than any failure or alleged failure to comply by the Underwriters) preventing and restricting the trading in or the sale of the Common Shares or any other securities of the Corporation in the provinces of Canada;

(d) the non-compliance or alleged non-compliance by the Corporation with any requirement of applicable securities laws, including the Corporation's non-compliance with any statutory requirement to make any document available for inspection; or

(e) any breach of any representation, warranty or covenant of the Corporation contained herein,

and will reimburse the Underwriters promptly upon demand for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such losses (other than loss of profit), claims, damages, liabilities or actions in respect thereof, as incurred.

Notwithstanding anything to the contrary contained herein, this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

(a) the Underwriters and/or the Underwriters Personnel have been grossly negligent or have committed any wilful misconduct or fraudulent act in the course of the performance of professional services rendered to the Corporation by the Underwriters and/or the Underwriters Personnel or otherwise in connection with the matters referred to in this Agreement or have breached this Agreement; and

(b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the actions referred to in (a).

The Corporation shall not, without the prior written consent of the Underwriters, which consent shall not be unreasonably withheld, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not the Underwriters or any Underwriters' Personnel are a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of the Underwriters and all Underwriters' Personnel from all liability arising out of such claim, action, suit or proceeding.

Notwithstanding the foregoing, an indemnifying party shall not be liable for the settlement of any claim or action in respect of which indemnity may be sought hereunder effected without its written consent, which consent shall not be unreasonably withheld.

If any claim, action suit or proceeding shall be asserted against any person in respect of which indemnification is or might reasonably be considered to be provided, such person (the "**Indemnified Party**") will notify the Corporation as soon as possible and in any event on a timely basis, of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim; provided, however, that the defence shall be through legal counsel acceptable to the Indemnified Party, acting reasonably, and that no settlement may be made by the Corporation or the Indemnified Party without the prior written consent of the other.

In any such claim, the Indemnified Party shall have the right to retain other counsel to act on the Indemnified Party's behalf, provided that the reasonable fees and disbursements of such other counsel shall be paid by the Indemnified Party, unless: (i) the Corporation and the Indemnified Party mutually agree to retain such other counsel; or (ii) the named parties to any such claim (including any third or implicated party) include both the Indemnified Party on the one hand and the Corporation, on the other hand, and counsel to the Indemnified Party advises that the representation of the Corporation and the Indemnified Party by the same counsel would be inappropriate due to actual or potential conflicting interests, in which event such fees and disbursements shall be paid by the Corporation to the extent that they have been reasonably incurred.

To the extent that any Indemnified Party is not a party to this Agreement, the Underwriters shall obtain and hold the right and benefit of the indemnity provisions hereunder in trust for and on behalf of such Indemnified Party.

15. **Contribution**

If for any reason (other than a determination as to gross negligence, fraud or willful misconduct referred to in Section 14) the indemnity is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless in respect of any claim, the indemnifying party shall contribute to the losses paid or payable by such Indemnified Party as a result of such claim in such proportion as is appropriate to reflect not only the relative benefits received by the indemnifying party on the one hand and the Indemnified Party on the other hand but also the relative fault of the indemnifying party and the Indemnified Party as well as any relevant equitable considerations; provided that the indemnifying party shall in any event contribute to the losses paid or payable by an Indemnified Party as a result of such claim, the amount (if any) equal to: (i) such amount paid or payable, minus (ii) the amount of the fees received by the Indemnified Party, if any, under this Agreement.

16. **Underwriters' Obligations**

The Underwriters' obligations under this Agreement shall be several and not joint, and the Underwriters' respective obligations and rights and benefits hereunder shall be as to the following percentages ("**Relevant Proportions**"):

Cormark Securities Inc.	60%
Jacob Securities Inc.	20%
Paradigm Capital Inc.	20%

If any Underwriter (a "**Refusing Underwriter**") shall not complete the purchase and sale of the Special Warrants which such Underwriter has agreed to purchase hereunder for any reason whatsoever, the other Underwriters (the "**Continuing Underwriters**") shall be entitled, at their option, to purchase all but not less than all of the Special Warrants which would otherwise have been purchased by such Refusing Underwriter. If the Continuing Underwriters do not elect to purchase the balance of the Special Warrants pursuant to the foregoing:

(a) the Continuing Underwriters shall not be obliged to purchase any of the Special Warrants that any Refusing Underwriter is obligated to purchase; and

(b) the Corporation shall not be obliged to sell less than all of the Special Warrants,

and the Corporation shall be entitled to terminate its obligations under this Agreement arising from its acceptance of this offer, in which event there shall be no further liability on the part of the Corporation or the Continuing Underwriters, except pursuant to the provisions of Sections 13, 14 and 15. Nothing in this Agreement shall oblige any U.S. affiliate to purchase any Special Warrants. Notwithstanding the foregoing, the Refusing Underwriters shall not be entitled to the benefit of the provisions of Sections 13, 14 and 15 following such termination.

17. **Notice**

Any notice or other communication to be given by delivery or by facsimile hereunder shall, in the case of notice to the Corporation, be addressed:

(a) to the Corporation at the address appearing on page 1 of this Agreement, Attention: Scott Worthington, Chief Financial Officer, Fax No. (905) 282-9966, with a copy (for information purposes only and not constituting notice) to its counsel:

Meretsky Law Firm
Standard Life Centre
121 King Street West, Suite 2150
Toronto, Ontario M5H 3T9

Attention: Jason D. Meretsky
Fax: (416) 943-0811

(b) in the case of notice to the Underwriters:

Cormark Securities Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2800
Toronto, Ontario M5J 2J2

Attention: Jeff Kennedy
Fax: (416) 943-6499

Jacob Securities Inc.
Commerce Court West
199 Bay Street, Suite 2901
Toronto, Ontario M5L 1G1

Attention: Sasha Jacob
Fax: (416) 866-8333

Paradigm Capital Inc.
95 Wellington Street West, Suite 2101
Toronto, Ontario M5J 2N7

Attention: Barry Richards
Fax: (416) 361-6050

with a copy (for information purposes only and not constituting notice) to:

Baker & McKenzie LLP
Brookfield Place
180 Bay Street, Suite 2100
Toronto, Ontario M5J 2T3

Attention: Corey MacKinnon
Fax: (416) 863-6275

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or one hour after being faxed and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or facsimile number.

18. **Public Announcements**

If the Underwriters so request, the Corporation shall include a reference to the Underwriters and their role in the Offering in any press release or other public communication issued by the Corporation related to the Offering. The Corporation shall provide the Underwriters with a reasonable opportunity to review a draft of any proposed announcement and an opportunity to provide comments thereon. Provided the Offering is completed and the Underwriters are not in breach of any material provision of this Agreement, the Underwriters shall be permitted to publish, at their own expense, such advertisements or announcements relating to the services provided in respect of the Offering in such newspapers or other publications as the Underwriters consider appropriate.

19 . **Time of the Essence**

Time shall be of the essence of this Agreement and every part hereof.

20. **Further Assurances**

Each of the parties hereto shall cause to be done all such acts and things or execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purposes of carrying out the provisions and intent of this Agreement.

21. **Assignment**

Except as contemplated herein, no party hereto may assign this Agreement or any part hereof without the prior written consent of the other parties hereto. Subject to the foregoing, this Agreement shall enure to the benefit of, and shall be binding upon, the Corporation and the Underwriters and each of their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions contained in this Agreement, this Agreement and all conditions and provisions of this Agreement being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that the covenants and indemnities of the Corporation set out under the heading “Indemnity” shall also be for the benefit of the Underwriters’ Personnel.

22. **Counterpart Provision**

This Agreement may be executed in any number of counterparts, each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document.

23. **Entire Agreement**

The provisions herein contained constitute the entire agreement between the parties relating to the Offering and supersede all previous communications, representations, understandings and agreements between the parties including, but not limited to, the Letter Agreement, with respect to the subject matter hereof whether verbal or written.

24. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein.

25. **Survival of Warranties, Representations, Covenants and Agreements**

All warranties, representations, covenants, indemnities and agreements of the Corporation and the Underwriters herein contained or contained in documents submitted or required to be submitted pursuant to this Agreement shall survive the purchase by the Purchasers of the Special Warrants and shall continue in full force and effect for the benefit of the Underwriters and/or the Corporation for a period of two years from the Closing Date.

26. **Language**

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

Les parties reconnaissent leur volonté express que la présente convention ainsi que tous les documents et contrats s’y rattachant directement ou indirectement soient rédigés en anglais.

27. **Facsimile**

The Corporation and the Underwriters shall be entitled to rely on delivery by facsimile or portable document format of an executed copy of this Agreement and acceptance by the Corporation and the Underwriters of that delivery shall be legally effective to create a valid and binding agreement between the Corporation and the Underwriters in accordance with the terms of this Agreement.

28. v**Acceptance**

If this Agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Corporation, please communicate acceptance by executing where indicated below and returning a signed copy of this Agreement to the Underwriters.

[signature page follows]

Yours very truly,

CORMARK SECURITIES INC.

Per: (signed)*"Jeffrey Kennedy"*
Authorized Signing Officer

JACOB SECURITIES INC.

Per: (signed)*"Sasha Jacob"*
Authorized Signing Officer

PARADIGM CAPITAL INC.

Per: (signed)*"Barry Richards"*
Authorized Signing Officer

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to with effect as of the date provided at the top of the first page of this Agreement.

SPHERE 3D CORPORATION

Per: (signed)*"Scott Worthington"*
Authorized Signing Officer

SCHEDULE "A"

UNITED STATES OFFERS AND SALES

As used in this Schedule "A", capitalized terms used herein and not defined herein shall have the meaning ascribed thereto in the Agreement to which this Schedule is annexed and the following terms shall have the meanings indicated:

(a) "**Accredited Investor**" means an institutional accredited investor that satisfies one or more of the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D;

(b) "**Directed Selling Efforts**" means directed selling efforts as that term is defined in Rule 902(c) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Special Warrants and includes the placement of any advertisement in a publication "with a general circulation in the United States", as such phrase is defined in Rule 902(c) of Regulation S, that refers to the offering of the Special Warrants;

(c) "**Foreign Issuer**" shall have the meaning ascribed thereto in Rule 902(e) Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule "A", it means any issuer which is: (a) the government of any country other than the United States, of any political subdivision thereof or a national of any country other than the United States; or (b) a corporation or other organization incorporated under the laws of any country other than the United States, except an issuer meeting the following conditions as of the last business day of its most recently completed second fiscal quarter: (1) more than 50% of the outstanding voting securities of such issuer are held of record either directly or through voting trust certificates or depositary receipts by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents; (ii) more than 50% of the assets of the issuer are located in the United States; or (iii) the business of the issuer is administered principally in the United States;

(d) "**General Solicitation**" **or "General Advertising**" means "general solicitation" or "general advertising", respectively, as used in Rule 502(c) of Regulation D, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising or in other any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;

(e) "**SEC**" means the U.S. Securities and Exchange Commission;

(f) "**Securities**" means special warrants of the Corporation comprised of one Common Share and one-half of one Warrant;

(g) "**Substantial U.S. Market Interest**" means "substantial U.S. market interest" as that term is defined in Rule 902(j) of Regulation S; and

(h) "**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended.

Representations, Warranties and Covenants of the Underwriters

Each of the Underwriters acknowledges that none of the Securities and the Warrant Shares have been nor will be registered under the U.S. Securities Act or any applicable state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act or any applicable state securities laws. Accordingly, each of the Underwriters represents, warrants and covenants to the Corporation on its own behalf and on behalf of their respective U.S. broker dealer affiliate as of the date of the Agreement and as of the Closing Date that:

1. It has not offered or sold, and will not offer or sell, any Securities except (a) outside the United States in an offshore transaction in accordance with Rule 903 of Regulation S or (b) within the United States as provided in paragraphs 2 through 12 below. Accordingly, neither the Underwriters, their respective affiliates nor any persons acting on their behalf, has made or will make (except as permitted in paragraphs 2 through 12 below) (i) any offer to sell or any solicitation of an offer to buy, any Securities to, or for the benefit or account of, any person in the United States or a U.S. Person, (ii) any sale of Securities to any Purchaser unless, at the time the buy order was or will have been originated, the Purchaser was outside the United States and not a U.S. Person, or the Underwriters, affiliate or person acting on behalf of either reasonably believed that such Purchaser was outside the United States and not a U.S. Person, or (iii) any Directed Selling Efforts with respect to the Securities.

2. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Securities, except with its affiliates, any selling group members or with the prior written consent of the Corporation. It shall require each such affiliate and selling group member to agree, for the benefit of the Corporation, to comply with, and shall use its commercially reasonable best efforts to ensure that each selling group member complies with, the same provisions of this Schedule as apply to the Underwriters as if such provisions applied to such affiliate or selling group member.

3. All offers and sales of Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person shall be made on behalf of the Underwriters by affiliates of the Underwriters that are duly registered with the SEC as broker-dealers pursuant to Section 15(b) of the U.S. Exchange Act and under the securities laws of each state in which such offers and sales were or are made (unless exempted from the respective state's broker-dealer registration requirements) and are members in good standing of the Financial Industry Regulatory Authority, Inc. (the "**U.S. Affiliates**").

4. Offers and sales of Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person shall not be made (i) by any form of General Solicitation or General Advertising or (ii) in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.

5. Any offer or solicitation of an offer to buy Securities that has been made or will be made in the United States or for the account or benefit of a person in the United States or a U.S. Person was or will be made only to Accredited Investors by the Underwriters through the U.S. Affiliates, and in transactions that are exempt from registration under the U.S. Securities Act and applicable state securities laws or regulations.

6. The Underwriters acting through the U.S. Affiliates may offer the Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person only to offerees with respect to which the Underwriters or the U.S. Affiliates have a pre-existing relationship and, immediately prior to soliciting offerees, have reasonable grounds to believe, and do believe, are Accredited Investors.

7. At least one Business Day prior to the Time of Closing, the Underwriters will provide the Corporation with a list of all United States Purchasers or who are purchasing for the account or benefit of a person in the United States or a U.S. Person.

8. The Underwriters will inform, and cause the U.S. Affiliates to inform, all United States Purchasers or for the account or benefit of a person in the United States or a U.S. Person that the Securities have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and are being sold to them pursuant to a transaction exempt from registration under the U.S. Securities Act or applicable state securities laws.

9. The Underwriters agree that at the Time of Closing, each of them, together with their respective U. S. Affiliates, if applicable, will provide a certificate, substantially in the form of Annex I to this Schedule “A”, relating to the manner of the offer of the Securities in the United States or for the account or benefit of a person in the United States.

10. Prior to any sale of Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person, each United States Purchaser will execute a United States Subscribers Representation Letter attached to the Subscription Agreement with respect to its purchase of the Securities.

11. Neither the Underwriters, their respective affiliates, nor any person acting on their behalf (other than the Corporation, its affiliates and any person acting on their behalf as to which no representation is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Securities Act in connection with the offer and sale of the Securities.

12. With respect to Securities to be offered and sold hereunder in reliance on Rule 506(b) under the U. S. Securities Act (“**Regulation D Securities**”), neither the Underwriters, nor their respective U. S. Affiliates, nor any of their respective general partners or managing members, nor any director or executive officer of any of the foregoing, nor any other officer of any of the foregoing participating in the offering of the Regulation D Securities, is subject to any of the “Bad Actor” disqualifications provisions described in Rule 506(d) under the U.S. Securities Act (a “**Disqualification Event**”). Neither the Underwriters, nor their respective U.S. Affiliates have paid or will pay, nor are they aware of any other person that has paid or will pay, directly or indirectly, any remuneration to any person (other than the Underwriters and their respective U.S. Affiliates) for solicitation of purchasers of Regulation D Securities.

Representations, Warranties and Covenants of the Corporation

The Corporation represents, warrants, covenants and agrees that as of the date of the Agreement and as of the Closing Date that:

1. The Corporation is a Foreign Issuer with no Substantial U.S. Market Interest in the Common Shares or the Securities and is not required to be registered as an “investment company” under the *United States Investment Company Act of 1940*, as amended.

2. Neither the Corporation nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.

3. Except with respect to sales to Accredited Investors hereunder in reliance upon an exemption from registration under the U.S. Securities Act provided by Rule 506(b) of Regulation D, neither the Corporation nor any of its affiliates, nor any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Securities to a person in the United States; or (B) any sale of Securities unless, at the time the buy order was or will have been originated, the Purchaser is (i) outside the United States, or (ii) the Corporation and any person acting on its behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation is made) reasonably believe that the Purchaser is outside the United States.

4. Neither it nor any of its affiliates, nor any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made), has made or will make any Directed Selling Efforts, or has taken or will take any action that would cause the exclusion afforded by Rule 903 of Regulation S to be unavailable for offers and sales of the Securities pursuant to this Agreement.

5. None of the Corporation, any of its affiliates or any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made) have (i) engaged or will engage in any form of General Solicitation or General Advertising with respect to offers or sales of the Securities in the United States, or (ii) undertaken any activity in a manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.

6. Since the date that is six months prior to start of the offering of the Securities: (i) it has not sold, offered for sale or solicited any offer to buy, and it will not sell, offer for sale or solicit any offer to buy, any of its securities in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Securities; and (ii) neither it nor any person acting on its behalf has engaged or will engage in any general solicitation or general advertising (within the meaning of Rule 502(c) of Regulation D) in connection with any offer or sale of its securities in reliance upon Rule 506(c) of Regulation D or otherwise in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Securities.

7. The Corporation will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable blue sky laws in connection with the offer and sale of the Securities.

8. With respect to Regulation D Securities, none of the Corporation, any of its predecessors, any affiliated issuer of the Corporation, any director or executive officer of the Corporation, any other officer of the Corporation participating in the offering of the Regulation D Securities, any beneficial owner of 20% or more of the Corporation’s outstanding voting equity securities, calculated on the basis of voting power, or any promoter connected with the Corporation in any capacity at the time of sale of the Regulation D Securities is subject to any Disqualification Event. The Corporation has not paid and will not pay, nor is it aware of any other person that has paid or will pay, directly or indirectly, any remuneration to any person (other than the Underwriters and their respective U.S. Affiliates) for solicitation of purchasers of Regulation D Securities.

9. None of the Corporation, any of its affiliates or any person acting on any of their behalf (other than the Underwriters, their respective affiliates, or any person acting on any of their behalf, in respect of which no representation, warranty, covenant or agreement is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Securities.

ANNEX I TO SCHEDULE "A"

UNDERWRITER'S CERTIFICATE

In connection with the private placement in the United States of the special warrants (the "**Special Warrants**") of Sphere 3D Corporation (the "**Corporation**") pursuant to the underwriting agreement dated June 5, 2014 between the Corporation, Cormark Securities Inc., Jacob Securities Inc. and Paradigm Capital Inc. (the "**Underwriting Agreement**"), the undersigned do hereby certify as follows:

(i) **[U.S. broker-dealer affiliate]** is duly registered: (i) as a broker or dealer with the SEC; (ii) under the securities laws of each state in which offers and sales of Securities were made (unless exempted from the respective state's broker-dealer registration requirements); and (iii) with the Financial Industry Regulatory Authority, Inc. ("**FINRA**") and is a member of, and in good standing with FINRA on the date hereof;

(ii) immediately prior to offering Special Warrants to offerees in the United States or for the account or benefit of a person in the United States or a U.S. Person, we had reasonable grounds to believe and did believe that each such offeree was an Accredited Investor under the U.S. Securities Act and, on the date hereof, we continue to believe that each such offeree purchasing Special Warrants through us is an Accredited Investor;

(iii) no form of General Solicitation or General Advertising was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by General Solicitation or General Advertising, in connection with the offer or sale of the Special Warrants in the United States or for the account or benefit of a person in the United States or a U.S. Person;

(iv) we did not make any Directed Selling Efforts in the United States with respect to the Common Shares, Warrants and Warrant Shares;

(v) all offers and sales of Special Warrants in the United States or for the account or benefit of a person in the United States or a U.S. Person have been effected in accordance with all applicable U.S. state and federal laws governing the registration and conduct of brokers and dealers;

(vi) no written material was used in connection with the offer or sale of the Special Warrants in the United States or for the account or benefit of a person in the United States or a U.S. Person;

(vii) the offering of the Special Warrants in the United States or for the account or benefit of a person in the United States or a U.S. Person has been conducted by us in accordance with the Underwriting Agreement including Schedule "A" thereto; and

(viii) prior to any sale of Special Warrants in the United States or for the account or benefit of a person in the United States or a U.S. Person, we caused each United States Purchaser to execute a Subscription Agreement (including a United States Subscribers Representation Letter) in the form agreed between the Corporation and the Underwriters.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement, including Schedule "A" thereto, unless defined herein.

DATED this ______day of June, 2014.

[UNDERWRITER]	**[U.S. BROKER-DEALER AFFILIATE]**
By: ______________________	By: ______________________
Authorized Signing Officer	Authorized Signing Officer

SCHEDULE "B"

LIST OF CONVERTIBLE SECURITIES

Options and Warrants

Security	Expiry Date	Exercise Price $	Number of Common Shares Issuable
Options	March 4, 2018	0.85	100,000
Options	July 3, 2018	0.65	125,000
Options	January 16, 2022	0.70	100,000
Options	January 16, 2022	0.85	540,000
Options	September 19, 2022	0.85	300,000
Options	April 16, 2023	0.85	75,000
Options	July 2, 2023	0.65	850,000
Options	August 29, 2023	2.50	100,000
Options	September 15, 2023	2.68	445,000
Options	October 31, 2023	4.28	50,000
Options	February 4, 2024	6.70	50,000
Options	April 17, 2024	8.10	150,000
Options	April 22, 2024	8.60	25,000
Total Number of Options			**2,910,000**
Warrants	December 26, 2014	1.00	937,536
Warrants	November 11, 2015	4.50	546,250
Total Number of Warrants			**1,483,786**

Convertible Debentures

Common Shares issuable in respect of the Cyrus Debenture disclosed on Schedule "C".

SCHEDULE "C"

DISCLOSURE STATEMENT

Section 6(b)

Mario Biasini, the President and a director of the Corporation, and John Morelli, a founder of the Corporation, entered into a Conversion of Debt Agreement effective as of February 1, 2012 whereby Mr. Morelli conveyed 571,429 Common Shares (the "**Subject Shares**") to Mr. Biasini as satisfaction in full of a loan in the principal amount of $400,000. Concurrently, the parties entered into an Option and Put Agreement effective as of February 1, 2012 (the "**Option and Put Agreement**") whereby Mr. Biasini granted Mr. Morelli a call option to acquire the Subject Shares and Mr. Biasini received a put option requiring Mr. Morelli to purchase the Subject Shares, upon and subject to the terms set out in the Option and Put Agreement. Pursuant to a Voting Trust Agreement dated February 1, 2012, Mr. Biasini appointed Mr. Morelli as the voting trustee with respect to the Subject Shares.

The Corporation entered into an Board Nomination Right Agreement dated July 15, 2013 (the "**Board Nomination Right Agreement**") with Eric Kelly, the Chairman of the Board, which gives him the right to appoint one nominee to the Board, provided Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) 1,850,000 or more of the outstanding Common Shares. The Board Nomination Right Agreement further provides that Mr. Kelly shall serve in such capacity, unless he is unable to do so.

Certain shareholders holding 6,815,000 Common Shares or approximately 42% of the voting shares of the Corporation have entered into a Voting Agreements dated July 15, 2013 (the "**Kelly Voting Agreements**") whereby such shareholders have agreed to vote these Common Shares in favour of the election to the Board of Mr. Kelly's nominee at any meeting of shareholders of the Corporation at which directors are to be elected. The Kelly Voting Agreements shall terminate if Mr. Kelly or persons affiliated with Mr. Kelly own (or have a right to acquire) less than 1,850,000 of the outstanding Common Shares.

Certain directors and officers (excluding Eric Kelly) holding 4,205,000 Common Shares or approximately 18% of the voting shares of the Corporation have entered into a Voting Agreement and Irrevocable Proxy dated May 15, 2014 (the "**Overland Voting Agreements**") whereby such shareholders have agreed to vote these Common Shares in favour of the merger transaction (the "**Merger**") whereby S3D Acquisition Company ("**S3D**"), a California corporation and wholly owned subsidiary of the Company will merge with and into Overland Storage, Inc. ("**Overland**"), and Overland will survive the Merger and become a wholly owned subsidiary of the Corporation, pursuant to an Agreement and Plan of Merger dated May 15, 2014 (the "**Merger Agreement**"). The Voting Agreements shall terminate on the earliest to occur of (i) the date and time at which the Merger becomes effective as set forth in the Merger Agreement, (B) the date and time of the valid termination of the Merger Agreement in accordance with its terms, (C) the shareholder becomes aware that the Corporation has committed fraud or made a fraudulent or negligent misrepresentation in the Merger Agreement for the purposes of inducing the shareholder to enter into the Overland Voting Agreement (D) such date and time designated by the Corporation in a written notice to the shareholder, (E) the Corporation determines, acting reasonably and relying on advise of its legal counsel, that no shareholder approval is required by the Corporation in connection with the approval of the consummation of the transactions set forth in the Merger Agreement, (F) to the extent shareholder approval is required by the Corporation in connection with the consummation of the transactions set forth in the Merger Agreement, the date upon which such shareholder approval of the Corporation is so obtained; (G) the written agreement of the parties hereto to terminate this Agreement, or (H) January 31, 2015.

Copies of the Board Nomination Right Agreement, the Kelly Voting Agreements and the Overland Voting Agreements have been made available to the Underwriters and their counsel, and have been filed on SEDAR.

Section 6(c)

On March 21, 2014, the Corporation entered into a convertible secured debenture of the Corporation in the principal amount of USD$5,000,000 (the "**Cyrus Debenture**") with FBC Holdings S.A.R.L., a wholly-owned subsidiary of Cyrus Capital Partners L.P. (collectively, "**Cyrus**"). The Cyrus Debenture has a four year term maturing on March 21, 2018, bears interest at 8% per annum, to be paid semi-annually in cash or shares at the option of the Corporation. The Cyrus Debenture is convertible at any time into common shares in the capital of the Corporation (the "**Conversion Right**") at a price of USD$7.50 (the "**Conversion Price**"). The Corporation shall have the right to force the conversion of the Cyrus Debenture if the trading price of the common shares for 10 successive days in which the shares actually trade on the Exchange or other principal exchange, exceeds 150% of the Conversion Price. In addition, the Corporation shall have the right to repay in full the outstanding balance owing under the Cyrus Debenture at any time during the first 12 months of the term for an amount equal 120% of the balance then outstanding and at any time during the second year of the term for an amount equal 125% of the balance then outstanding. The Corporation and each subsidiary has granted a first ranking security interest in favour of Cyrus against all of their assets, save and except that Cyrus has agreed to subordinate its security interest in favour of a loan facility to be provided to the Corporation by a bank or commercial lender not to exceed USD$3,000,000. There are no restrictions on the Corporation entering into additional unsecured indebtedness.

Section 6(p)

Common Shares will be issued upon exercise of the Conversion Right under the Cyrus Debenture. See Section 6(c) above.

On February 11, 2014, the Corporation entered into an asset purchase agreement to acquire certain technology assets (the "**V3 Technology Assets**"), including patents, trademarks and other intellectual property of V3 Systems, Inc. ("**V3 Systems**"). V3 Systems is entitled to receive an earn-out of up to a further USD$5.0 million (the "**Earn-Out**") based on Sphere 3D being able to realize certain revenue milestones. At the discretion of Sphere 3D, the Earn-Out may be paid in cash or shares (up to a maximum of 1,051,414 Common Shares) to be priced at a 20-day weighted average price calculated at the time(s) the Earn-Out is realized. The Earn-Out is based on a sliding scale of revenue (subject to gross margin achievement) that Sphere 3D is able to realize on the V3 Technology Assets, subject to a maximum payment of USD$5.0 million upon earn-out revenue of USD$12.5 million.

Section 6(q)

In connection with entering into the Merger Agreement, the Corporation and S3D have been named in the following class action complaints:

(i) Stephen Greenberg (as Plaintiff) v. Overland Storage Inc., Sphere 3D Corporation, Cyrus Capital Partners, S3D Acquisition Company, Eric Kelly, Daniel J. Bordessa, Robert A. Degan, Joseph A. De Perio, Nils Hoff, Vivekanand Mahadevan and Scott McClendon (as Defendants) as Case No. 37-2014-0001606-CU-SL-CTL filed in the Superior Court of California, County of San Diego on May 19, 2014; and

(ii) James Hintz (as Plaintiff) v. Overland Storage Inc., Daniel J. Bordessa, Robert A. Degan, Joseph A. De Perio, Nils Hoff, Eric L. Kelly, Vivekanand Mahadevan, Scott McClendon, Sphere 3D Corp. and S3D Acquisition Company (as Defendants) as Case No. 37-2014-0001617-CU-SL- CTL filed in the Superior Court of California, County of San Diego on May 19, 2014.

(iii) Mathew Paulson and Peter Deitenbeck (as Plaintiffs) v. Daniel J. Bordessa, Joseph A. De Perio, Robert A. Degan, Nils Hoff, Eric L. Kelly, Vivekanand Mahadevan, Scott McClendon, Sphere 3D Corporation, S3D Acquisition Company, Cyrus Capital Partners. L.P., and Overland Storage, Inc. (as Defendants) filed in the Superior Court of California, County of San Diego on May 30, 2014.

Section 6(gg)

Pursuant to a Supplier Agreement dated July 15, 2013 entered into between Overland Storage, Inc. ("**Overland**") and the Corporation (the "**Supply Agreement**"), the Corporation agreed to pay for up to $1.5 million of cloud infrastructure equipment purchases from Overland in the form of Common Shares as follows: (i) 769,231 Common Shares at an ascribed price of $0.65, having a value of $500,000 were issued on the closing date of July 15, 2013; and (ii) that number of Common Shares as is equal to $500,000 divided by the 10 trading day average of the closing price per share of Common Shares ending three trading days prior to each of the first and second year anniversary date of the Supply Agreement, to a maximum of 769,231 Common Shares on each date having a value of $500,000.

The Corporation has entered into the Merger Agreement with Overland. Mr. Kelly, the Chairman of the Board of the Corporation, also serves as the President, Chief Executive Officer and a member of the board of directors of Overland. See Section 6(b) above.

Section 6(oo)

Pursuant to the Cyrus Debenture, the Corporation and each Subsidiary has granted a first ranking security interest in favour of Cyrus against all of their assets, save and except that Cyrus has agreed to subordinate its security interest in favour of a loan facility to be provided to the Corporation by a bank or commercial lender not to exceed USD$3,000,000. See Section 6(c) above.

SPHERE 3D CORPORATION

- and -

EQUITY FINANCIAL TRUST COMPANY

WARRANT INDENTURE

Dated as of June 5, 2014

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WARRANT INDENTURE

THIS WARRANT INDENTURE is dated as of the 5th day of June, 2014,

B E T W E E N:

SPHERE 3D CORPORATION, a corporation existing under the laws of the Province of Ontario

(hereinafter referred to as "**Corporation**")

- and -

EQUITY FINANCIAL TRUST COMPANY, a trust company existing under the laws of Canada and registered to carry on business in the Province of Ontario

(hereinafter referred to as the "**Warrant Agent**")

WHEREAS pursuant to the terms of an underwriting agreement dated the date hereof between the Corporation and the Underwriters, the Corporation proposes to create, issue and sell up to 1,352,975 Special Warrants on a private placement basis and the Underwriters have agreed to purchase, or arrange substituted purchasers to purchase, such Special Warrants from the Corporation;

AND WHEREAS each Special Warrant will entitle the holder thereof to receive, subject to adjustment in certain circumstances and the Penalty Provision, for no additional consideration one Unit;

AND WHEREAS each Special Warrant is exercisable by the holder thereof at any time on or after the date hereof until 4:59 p.m. (Toronto time) on the earlier of (the "**Special Warrant Deemed Exercise Date**") (i) the third Business Day following the Qualification Date, and (ii) October 6, 2014;

AND WHERAS to the extent any such Special Warrants have not been exercised by the holder thereof on or before the Special Warrant Deemed Exercise Date, all such Special Warrants shall be deemed to have been exercised on behalf of, and without any required action on the part of, the holders thereof on the Special Warrant Deemed Exercise Date;

AND WHEREAS if the Qualification Date has not occurred on or before the Penalty Deadline, each outstanding Special Warrant will thereafter entitle the holder thereof to receipt upon exercise or deemed exercise, for no additional consideration, 1.05 Units (in lieu of one Unit) comprised of 1.05 Common Shares and 0.525 Warrants (the "**Penalty Provision**");

AND WHEREAS upon the exercise and/or deemed exercise of all of the Special Warrants, the Corporation may issue an aggregate of up to 710,311 Warrants;

AND WHEREAS each Warrant will entitle the holder thereof to purchase one Warrant Share at a price of $11.50 per share at any time before 5:00 p.m. (Toronto Time) on the date that is 24 months from the date hereof upon the terms and conditions herein set forth;

AND WHEREAS the Corporation is authorized under the laws applicable to it to create and issue the Warrants;

AND WHEREAS all things necessary have been or will be done and performed by the Corporation to make each of the Warrants and the Warrant Certificates, if and when countersigned by the Warrant Agent and issued in accordance with the provisions of this Indenture, legal, valid and binding obligations of the Corporation with the benefits and subject to the provisions of this Indenture;

AND WHEREAS the Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time;

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

NOW THEREFORE THIS INDENTURE WITNESSETH that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 **Definitions**

In this Indenture, unless there is something in the subject matter or context inconsistent therewith, the following phrases and words have the respective meanings indicated opposite them as follows:

"**Applicable Legislation**" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of agents and of issuers under warrant indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

"**Beneficial Owner**" means a person that has a beneficial interest in a Warrant that is represented by a Global Warrant;

"**Book-Based System**" means the book-based securities transfer system administered by CDS in accordance with its operating rules and procedures in force from time to time;

"**Business Day**" means a day which is not a Saturday, Sunday, or civic or statutory holiday in the City of Toronto, Ontario or a day on which the principal chartered banks located in Toronto, Ontario are closed for business;

"**Canadian Offering Jurisdictions**" means each of the Provinces of Ontario, British Columbia and Alberta;

"**Capital Reorganization**" has the meaning ascribed thereto in subsection 2.13(a)(iv);

"**CDS**" means CDS Clearing and Depository Services Inc. and its successors in interest;

"**Common Share Reorganization**" has the meaning ascribed to such term in subsection 2.13(a)(i);

"**Common Shares**" means the fully paid and non-assessable common shares in the capital of the Corporation;

"**Corporation**" means Sphere 3D Corporation, a corporation organized and existing under the laws of the Province of Ontario;

"**Corporation's Auditors**" means the chartered accountant or firm of chartered accountants duly appointed as auditor or auditors of the Corporation from time to time;

"**Counsel**" means a barrister or solicitor or a firm of barristers or solicitors (who may be counsel for the Corporation) acceptable to the Warrant Agent, acting reasonably;

"**Current Market Price**" of the Common Shares at any date means the price per share equal to the volume weighted average trading price at which the Common Shares have traded on the TSXV or, if the Common Shares are not then listed on the TSXV, on such other Canadian or U.S. stock exchange as may be selected by the directors for such purpose or, if the Common Shares are not then listed on any Canadian or U.S. stock exchange, in the over-the-counter market, during the period of any 20 consecutive trading days ending not more than 5 Business Days before such date; provided that the weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian or U.S. stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors;

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

"**Dividends Paid in the Ordinary Course**" means such dividends (payable in cash or securities, property or assets of equivalent value) paid on the Common Shares in any fiscal year of the Corporation to the extent that such dividends in the aggregate do not exceed in amount or value the greatest of:

(a) 25% of the aggregate amount or value of the dividends paid by the Corporation on its Common Shares in the 12 consecutive months ended immediately prior to the first day of such fiscal year;

(b) 50% of the consolidated net earnings of the Corporation before extraordinary items and after dividends paid on any and all special shares of the Corporation for the period of 12 consecutive months ended immediately prior to the first day of such fiscal year (such consolidated net earnings to be shown in the audited financial statements of the Corporation for such 12 month period, or if there are no audited financial statements in respect of such period, computed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently completed audited consolidated financial statements of the Corporation); and

(c) 25% of the Shareholder's Equity,

and for such purpose the value of any dividends paid in other than cash or securities shall be the fair market value of such dividend as determined in good faith by the directors;

"**Effective Date**" means the date hereof;

"**Exchange Basis**" means, at any time, the number of Warrant Shares or other classes of shares or securities which a Warrantholder is entitled to receive upon the exercise of the rights attached to each whole Warrant pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof, such number being equal to one Warrant Share per Warrant as of the date hereof; "

Exercise Date" with respect to any Warrant means the date on which such Warrant is surrendered to the Warrant Agent for exercise in accordance with the provisions of Article 3;

"**Exercise Price**" means $11.50 for each Warrant Share, subject to adjustment in accordance with the provisions of this Indenture;

"**Extraordinary Resolution**" means, in respect of a matter to be considered by Warrantholders, (i) a resolution passed by the affirmative vote of Warrantholders representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants represented and voting on a poll at a meeting of Warrantholders duly convened and held in accordance with the provisions of this Indenture, or (ii) an instrument or instruments in writing signed by Warrantholders representing not less than 66-2/3% of the aggregate number of all the then outstanding Warrants;

“**Global Warrant**” means a Warrant that is issued to and registered in the name of and deposited with CDS or its nominee pursuant to Section 2.6 hereof;

“**NI 44-101**” means National Instrument 44-101 – *Short Form Prospectus Distributions*;

“**Participant**” means a person recognized by CDS as a participant in the book entry only securities registration and transfer system administered by CDS;

“**Penalty Deadline**” means July 31, 2014;

“**Penalty Provision**” has the meaning ascribed thereto in the Recitals;

“**person**” includes an individual, a corporation, a partnership, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

“**Qualification Date**” means the date on which a final receipt is issued by the Ontario Securities Commission, on behalf of the securities regulatory authorities in each of the Canadian Offering Jurisdictions, for the filing of a (final) short form prospectus pursuant to NI 44-101 qualifying for distribution the Common Shares and Warrants underlying the Units (including, for greater certainty, the Common Shares and Warrants issuable pursuant to the Penalty Provision, if any) to be issued upon the exercise or the deemed exercise of the Special Warrants;

“**Regulation S**” means Regulation S under the U.S. Securities Act;

“**Rights Offering**” has the meaning ascribed thereto in subsection Section 2.13(a)(ii);

“**Rights Offering Price**” has the meaning ascribed thereto in subsection Section 2.14(b);

“**Securities Laws**” means, collectively, the applicable securities laws of each of the provinces of Canada, and the respective regulations made and forms prescribed thereunder together with all applicable published rules, policy statements, notices and blanket orders and rulings of the securities commissions or similar regulatory authorities in each of the provinces of Canada,

“**Shareholder**” means a holder of record of one or more Common Shares or any other class or series of shares of the Corporation;

“**Shareholder’s Equity**” means the aggregate of share capital, retained earnings and any and all surplus accounts and reserves as evidenced on the audited financial statements of the Corporation for the most recently ended fiscal year;

“**Special Distribution**” has the meaning ascribed thereto in subsection Section 2.13(a)(iii);

“**Special Warrant Deemed Exercise Date**” has the meaning ascribed thereto in the Recitals;

“**Special Warrant Indenture**” means the special warrant indenture dated the date hereof between the Corporation and Equity Financial Trust Company, as special warrant agent;

“**Special Warrants**” means the special warrants of the Corporation issued under the Special Warrant Indenture, entitling the holder thereof to acquire Units, comprised of Common Shares and Warrants, on the basis of one Unit for each Special Warrant for no addition consideration at any time on or after the date hereof until the Special Warrant Deemed Exercise Date; provided that in each case the number and/or class of shares or securities issuable on the exercise or deemed exercise of the Special Warrants may be subject to increase or decrease or change in accordance with the terms and provisions thereof;

“**Subsidiary**” means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Corporation or by one or more subsidiaries of the Corporation and, as used in this definition, “voting shares” means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

“**successor company**” has the meaning ascribed to that term in Section 7.2;

“**this Indenture**”, “**herein**”, “**hereby**”, and similar expressions mean and refer to this Indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions “**Article**”, “**Section**”, “**subsection**” and “**clause**” followed by a number mean and refer to the specified Article, Section, subsection or clause of this Indenture;

“**Time of Expiry**” means 4:59 p.m. (Toronto time) on the date that is 24 months after the Effective Date;

“**trading day**” means a day on which the TSXV (or such other exchange on which the Common Shares are listed and which forms the primary trading market for such shares) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

“**Transfer Agent**” means the transfer agent or agents for the time being for the Common Shares;

“**TSXV**” means the TSX Venture Exchange;

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

“**Underwriters**” means, collectively, Cormark Securities Inc., Jacob Securities Inc. and Paradigm Capital Inc.;

“**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“**Units**” means units of the Corporation, with each Unit being comprised of one Common Share and one-half of one Warrant;

“**U.S. Person**” means a “U.S. person” as that term is defined in Rule 902(k) of Regulation S;

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

“**Warrant Agent**” means Equity Financial Trust Company, a trust company existing under the laws of Canada and registered to carry on business in the Province of Ontario, or any lawful successor thereto, including through the operation of Section 8.11;

“**Warrant Certificate**” means the certificate representing the Warrants substantially in the form attached as Schedule “A” hereto or such other form as may be approved by the Corporation and the Warrant Agent;

“**Warrant Shares**” means the Common Shares or other securities or property issuable upon the exercise of the Warrants as a result of any adjustment to the subscription rights pursuant to Article 2 hereof;

“**Warrantholders**” or “**holders**” mean the persons whose names are entered for the time being in the register maintained pursuant to subsection 2.10(a);

“**Warrantholders’ Request**” means an instrument, signed in one or more counterparts by Warrantholders representing, in the aggregate, at least 25% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent to take some action or proceeding specified therein;

“**Warrants**” means the transferrable Common Share purchase warrants of the Corporation issued hereunder entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each whole Warrant upon payment of the Exercise Price on the Exercise Date; provided that in each case the number and/or class of shares or securities issuable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

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

Section 1.2 Number and Gender

Unless elsewhere otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

Section 1.3 Interpretation Not Affected by Headings

The division of this Indenture into Articles, Sections, subsections and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

Section 1.4 Day Not a Business Day

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

Section 1.5 Time of the Essence

Time shall be of the essence in all respects in this Indenture, the Warrants and the Warrant Certificates.

Section 1.6 Applicable Law

This Indenture, the Warrants and the Warrant Certificates shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

Section 1.7 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars.

Section 1.8 Statutory References

A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

Section 1.9 Determining the Number of Outstanding Warrants

Every Warrant represented by a Warrant Certificate and every Uncertificated Warrant certified or authenticated and delivered by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to Section 2.8 to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

Section 1.10 Severability

In the event that any provision of this Indenture is determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision of this Indenture, all of which shall remain in full force and effect.

Section 1.11 Language

The parties hereto have required that this Indenture and all documents and notices related thereto or resulting therefrom be drawn up in the English language. *Les parties ont expressément demandé que la présente convention ainsi que tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement*.

ARTICLE 2
ISSUE OF WARRANTS

Section 2.1 Issue of Warrants

A total of up to 710,311 Warrants entitling the registered holders thereof to acquire (subject to adjustment as provided in this Indenture) an aggregate of up to 710,311 Warrant Shares are hereby created and authorized to be issued hereunder at the Exercise Price upon the terms and conditions herein set forth.

Section 2.2 Form and Term of Warrants

(a) Form of Certificate: Upon the issue of Warrants in certificated form, Warrant Certificates shall be executed by the Corporation and, in accordance with a Written Direction of the Corporation, certified by or on behalf of the Warrant Agent and delivered by the Corporation in accordance with Section 2.4 and Section 2.5. The Warrant Certificates shall be substantially in the form attached as Schedule “A” hereto, subject to the provisions of this Indenture, with such variations and changes as may from time to time be agreed upon by the Warrant Agent and the Corporation, and shall be dated as of the Effective Date (regardless of their actual dates of issue), and shall have such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Corporation may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities which may be acquired pursuant to the Warrants.

(b) Issue of Uncertificated Warrants: Notwithstanding any other provision herein, the Warrants (with the exception of any Warrants issued in the United States or to, or for the account or benefit of, a U.S. Person or a person within the United States) may also be issued as Uncertificated Warrants. All Uncertificated Warrants issued to CDS or its nominee shall be evidenced by a book entry position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.10(a).

(c) Term: Each Warrant authorized to be issued hereunder shall entitle the registered holder thereof to acquire upon due exercise and upon the due execution of the exercise form endorsed on the Warrant Certificate or other instrument of exercise in such form as the Warrant Agent and/or the Corporation may from time to time prescribe and upon payment of the Exercise Price, one Warrant Share or such other kind and amount of shares or securities or property calculated pursuant to the provisions of Section 2.13 and Section 2.14, as applicable, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

(d) No Fractional Warrants: Fractional Warrants shall not be issued or otherwise provided for. If any fraction of a Warrant would otherwise be issuable, the number of Warrants so issued shall be rounded down to the nearest whole Warrant without compensation therefor.

(e) Private Placement Legend: All Warrant Certificates and Uncertificated Warrants originally issued upon exercise of the Special Warrants prior to the earlier of the Qualification Date and October 6, 2014 (and any Warrant Shares issuable upon exercise of such Warrants), and all certificates (if any) issued in exchange or in substitution thereof or upon transfer thereof, shall bear or be deemed to bear the following legend until such time as the same is no longer required under applicable Securities Laws:

> "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 6, 2014."
>
> "WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF) MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL OCTOBER 6, 2014."

Section 2.3 U.S. Restrictive Legend

(a) No Registration: The Warrant Agent understands and acknowledges that the Warrants and the Warrant Shares issuable upon the exercise of the Warrants have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and the Warrants may not be exercised in the United States or by or on behalf of a person in the United States or a U.S. Person unless an exemption from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states of the United States is available.

(b) Restrictive Transfer Legend: Each Warrant Certificate originally issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person, all Warrant Shares issuable upon the exercise of such Warrants, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

> "THE SECURITIES REPRESENTED HEREBY [AND IF WARRANTS, THE FOLLOWING SHALL BE ADDED: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided that, if any Warrants or Warrant Shares issuable upon the exercise of Warrants are being sold in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Rule 902(e) of Regulation S at the time of sale, the foregoing legend may be removed by providing to the Transfer Agent, as registrar and transfer agent for the securities of the Corporation, (i) a declaration in the form attached hereto as Schedule "B" (or as the Corporation may prescribe from time to time) and (ii) if required by the Corporation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the U.S. Securities Act; and

provided further that, if any Warrants or Warrant Shares issuable upon the exercise of Warrants are being sold under Rule 144, the legend may be removed by delivering to the Transfer Agent, as registrar and transfer agent for the securities of the Corporation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, that the legend is no longer required under applicable requirements of the U.S. Securities Act and state securities laws.

(c) Restrictive Exercise Legend: Each Warrant Certificate originally issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear or be deemed to bear the following legends:

"THESE WARRANTS AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS IS AVAILABLE. THE TERMS "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."

"IF THE WARRANTS ARE REPRESENTED BY A GLOBAL WARRANT, UPON EXERCISE THEREOF, THE HOLDER WILL BE DEEMED TO REPRESENT, WARRANT AND CERTIFY, AT THE TIME OF EXERCISE OF THE WARRANTS, THAT THE HOLDER IS NOT IN THE UNITED STATES, IS NOT A "U.S. PERSON" AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND IS NOT EXERCISING THE WARRANTS FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES, WAS NOT OFFERED AND DID NOT ACQUIRE THE WARRANTS IN THE UNITED STATES, AND DID NOT EXECUTE OR DELIVER THE SUBSCRIPTION FORM IN THE UNITED STATES. IF THE HOLDER CANNOT MAKE THESE REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS, THE WARRANTS MUST BE WITHDRAWN FROM THE GLOBAL WARRANT AND ISSUED IN FULLY REGISTERED FORM."

(d) Issue of Certificate Without Legend: The Warrant Agent shall, upon receipt of an executed declaration in the form of Schedule "B" for removal of legend indicated above in Section 2.3(b) and any additional documentation required by the Corporation or the Warrant Agent, issue a new Warrant Certificate without the legend set forth in Section 2.3(b) within 3 Business Days of receipt of approval by the Corporation to do so.

(e) Warrant Agent to Maintain List: The Warrant Agent shall maintain a list of all registered holders of Warrants, including holders of Warrant Certificates bearing the legends set forth in this Section 2.3.

Section 2.4 Signing of Warrant Certificates

The Warrant Certificates shall be signed by any one of the directors or officers of the Corporation and may, but need not, be under the corporate seal of the Corporation or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile and Warrant Certificates bearing such facsimile signatures shall be binding upon the Corporation as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or facsimile signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, subject to Section 2.5, be valid and binding upon the Corporation and the registered holder thereof will be entitled to the benefits of this Indenture.

Section 2.5 Certification and Authentication by the Warrant Agent

(a) Certification: No Warrant Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefit hereof or thereof until it has been certified by manual signature by or on behalf of the Warrant Agent, upon receipt of a Written Direction of the Corporation, and such certification by the Warrant Agent upon any Warrant Certificate shall be conclusive evidence as against the Corporation that the Warrant Certificate so certified has been duly issued hereunder and the holder is entitled to the benefits hereof.

(b) Certification No Representation: The certification of the Warrant Agent on the Warrant Certificates issued hereunder shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due certification thereof) and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

(c) Authentication of Uncertificated Warrants: No Uncertificated Warrant shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefit hereof or thereof, until it has been, upon receipt of a Written Direction of the Corporation, authenticated by entry on the register maintained by the Warrant Agent pursuant to paragraph 2.10(a)(i) hereof of the particulars of such Warrant. Such entry on the register maintained by the Warrant Agent pursuant to subsection 2.10(a) hereof of the particulars of an Uncertificated Warrant shall be conclusive evidence that such Warrant is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

(d) No Representation: The authentication of the Warrant Agent with respect to Uncertificated Warrants issued hereunder shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due authentication thereof) and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

Section 2.6 Issue of Global Warrant

(a) Issue of Global Warrant: With the exception of any Warrants issued to persons not participating in the Book-Based System or issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person, which shall be represented by individual Warrant Certificates, the Corporation may, at its sole option, specify, in a Written Direction of the Corporation delivered to the Warrant Agent, that some or all of the Warrants are to be represented by one or more Global Warrants registered in the name of CDS or its nominee, and in such event the Warrant Agent shall authenticate and deliver one or more Global Warrants in accordance with subsection 2.5(c) that shall:

(i) represent the aggregate number of outstanding Warrants to be represented by such Global Warrant(s);

(ii) if certificated, bear a legend substantially to the following effect:

> "UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO SPHERE 3D CORPORATION (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD TRANSFER OR DEAL WITH THIS CERTIFICATE."

and

(iii) be delivered by the Warrant Agent to CDS or pursuant to CDS' instructions.

(b) Transfer of Beneficial Ownership: Transfers of beneficial ownership in any Warrant represented by a Global Warrant will be effected only (i) with respect to the interest of a Participant, through records maintained by CDS or its nominee for such Global Warrant, and (ii) with respect to the interest of any person other than a Participant, through records maintained by Participants. Beneficial Owners who are not Participants but who desire to sell or otherwise transfer ownership of or any other interest in Warrants represented by such Global Warrant may do so only through a Participant.

(c) Limitation of Rights: The rights of Beneficial Owners shall be limited to those established by applicable law and agreements between CDS and the Participants, and between such Participants and Beneficial Owners, and must be exercised through a Participant in accordance with the rules and procedures of CDS.

(d) No Certificate: Subject to Section 2.6(e), neither the Corporation nor the Warrant Agent shall be under any obligation to deliver to any Participant or Beneficial Owner, nor shall any Participant or Beneficial Owner have any right to require the delivery of, a certificate or other instrument evidencing any interest in Warrants.

(e) Termination of Book-Based System: If any Warrant is represented by a Global Warrant and any of the following events occurs:

(i) CDS or the Corporation has notified the Warrant Agent that (1) CDS is unwilling or unable to continue as depository or (2) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Corporation is unable to locate a qualified successor depository within 90 days of delivery of such notice;

(ii) the Corporation has determined, in its sole discretion, to terminate the Book-Based System in respect of such Global Warrant and has communicated such determination to the Warrant Agent in writing;

(iii) the Corporation or CDS is required by applicable law to take the action contemplated in this Section 2.6(e);

(iv) the Book-Based System administered by CDS ceases to exist; or

(v) any such Warrant is to be exercised in the United States or by or on behalf of a person in the United States or a U.S. Person,

then one or more definitive fully registered Warrant Certificates shall be executed by the Corporation and certified and delivered by the Warrant Agent to CDS in exchange for the Global Warrant(s), or the applicable portion thereof, held by CDS.

(f) Issuance of Certificate: Fully-registered Warrant Certificates issued and exchanged pursuant to subsection 2.6(e) shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Warrants represented by the Global Warrant(s) so exchanged. Upon exchange of a Global Warrant, or the applicable portion thereof, for one or more Warrant Certificates in definitive form, such Global Warrant, or the applicable portion thereof, shall be cancelled by the Warrant Agent.

(g) Corporation and Warrant Agent Not Liable: Notwithstanding anything herein or in the terms of any Global Warrant to the contrary, neither the Corporation nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(i) the records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by any Global Warrant (other than CDS or its nominee);

(ii) maintaining, supervising or reviewing any records of CDS or any Participant relating to any such interest; or

(iii) any advice or representation made or given by CDS or a Participant that relates to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any Participant.

(h) Reliance by Warrant Agent: For the purposes of any provision of this Indenture requiring or permitting actions with the consent of, or the direction of, Warrantholders evidencing a specified percentage of Warrants then outstanding, the Warrant Agent is entitled to act and rely upon the instructions of CDS that it has received instructions, directly or indirectly through its respective Participants, to such effect from such Beneficial Owners owning or representing, respectively, the requisite percentage of Warrants.

Section 2.7 Warrantholder Not a Shareholder

The holding of a Warrant shall not be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder, nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

Section 2.8 Issue in Substitution for Lost Warrant Certificates

(a) Issue of New Warrant Certificate: In the event that any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law, and Section 2.8(b), shall issue, and thereupon the Warrant Agent shall certify and deliver, a new Warrant Certificate of like date and tenor, and bearing the same legends, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in a form approved by the Warrant Agent and shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(b) Cost of Substitution: The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.8 shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent in their discretion, acting reasonably, and such applicant may also be required to furnish an indemnity and security in the form of a surety bond in amount and form satisfactory to the Corporation and the Warrant Agent in their discretion, acting reasonably, and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

Section 2.9 Warrants to Rank *Pari Passu*

All Warrants shall have the same attributes and rank *pari passu*, whatever may be the actual date of issue of the Warrant Certificates evidencing them or the actual date of authentication of the Uncertificated Warrants.

Section 2.10 Registration and Transfer of Warrants

(a) Register: The Corporation will cause to be kept by the Warrant Agent at its principal office in the City of Toronto, Ontario:

(i) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them; and

(ii) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(b) Transfer: Other than in the case of Warrants represented by a Global Warrant and governed by the Book-Based System, no transfer of any Warrant will be valid unless entered on the register of transfers referred to in Section 2.10(a), upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed transfer form endorsed on the Warrant Certificate executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution reasonably satisfactory to the Warrant Agent, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe, such transfer will be recorded on the register of transfers by the Warrant Agent.

(c) Register of Transfer: The transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant Certificate (if any) evidencing such Warrant as required by subsection 2.10(b) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the registers of holders referred to in subsection 2.10(a), as the owner of such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Warrant, except in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

(d) Refusal of Registration: The Corporation will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in subsection 2.10(a), if such transfer would constitute a violation of the Securities Laws of any jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Corporation. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable Securities Laws.

(e) No Notice of Trusts: Subject to applicable law, neither the Corporation nor the Warrant Agent will be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Warrant, and may transfer any Warrant on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

(f) Inspection: The registers referred to in subsection 2.10(a) hereof, and any branch register maintained pursuant to subsection 2.10(g) hereof, shall be open at all reasonable times during business hours on a Business Day for inspection by the Corporation, the Warrant Agent or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Corporation, furnish the Corporation with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent and showing the number of Warrants held by each such holder.

(g) Location of Registers: The Corporation may at any time and from time to time change the place at which the registers referred to in subsection 2.10(a) hereof are kept, cause branch registers of holders to be kept, in each case subject to the approval of the Warrant Agent, at other places and close such branch registers or change the place at which such branch registers are kept. Notice of all such changes or closures shall be given by the Corporation to the Warrant Agent and to the holders of Warrants in accordance with Article 9 hereof.

(h) Reliance by Warrant Agent: The Warrant Agent shall have no obligation to ensure or verify compliance with any Applicable Legislation or regulatory requirements on the issue, exercise or transfer of any Warrants or any Common Shares or other securities issued upon the exercise of any Warrants. The Warrant Agent shall be entitled to process all transfers and exercises of Warrants upon the presumption that such transfers or exercises are permissible pursuant to all Applicable Legislation and regulatory requirements and the terms of the Indenture and the related Warrant Certificates in the absence of *prima facie* evidence to the contrary. The Warrant Agent may assume for the purposes of this Indenture that the address on the register of Warrantholders of any Warrantholder is the actual address of such Warrantholder and is also determinative of the residency of such Warrantholder and that the address of any transferee to whom any Warrants or Common Shares or other securities issuable upon the exercise of any Warrants are to be registered, as shown on the transfer document, is the actual address of the transferee and is also determinative of the residency of the transferee.

Section 2.11 Exchange of Warrant Certificates

(a) Exchange: Warrant Certificates may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrant Certificates in any other authorized denomination representing in the aggregate the same number of Warrants. The Corporation shall sign and the Warrant Agent shall certify, in accordance with Section 2.4 and Section 2.5, all Warrant Certificates necessary to carry out the exchanges contemplated herein.

(b) Place of Exchange: Warrant Certificates may be exchanged only at the principal office of the Warrant Agent in the City of Toronto, Ontario, or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificates tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(c) Charges for Exchange: Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Corporation for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

Section 2.12 Ownership of Warrants

The Corporation and the Warrant Agent and their respective agents may deem and treat the registered holder of any Warrant Certificate as the absolute owner of the Warrant represented thereby for all purposes and the Corporation and the Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any holder of the Warrant Shares or other securities or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Corporation and the Warrant Agent for the same and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any holder.

Section 2.13 Adjustment of Exchange Basis

(a) Adjustment of Exchange Basis: In this Section 2.13, the terms "record date" and "effective date" where used herein shall mean the close of business on the relevant date. Subject to Section 2.14, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided as follows (subject to the prior consent of the TSXV, if necessary):

(i) Stock Dividend, Distribution of Common Shares, Subdivision or Consolidation: If and whenever at any time after the Effective Date and prior to the Time of Expiry the Corporation shall:

(A) fix a record date for the issue of, or issue, Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than as a Dividend Paid in the Ordinary Course or a distribution of Warrant Shares upon exercise of the Warrants or pursuant to the exercise of directors, officers or employee stock options granted under stock option plans of the Corporation); or;

(B) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares; or

(C) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (A), (B) or (C) being called a "**Common Share Reorganization**"), then the Exchange Basis shall be adjusted, effective immediately after the earlier of the record date at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization and the effective date of the Common Share Reorganization, by multiplying the Exchange Basis in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

(D) the numerator of which shall be the 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 such securities been exchanged for or converted into Common Shares on such date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on such record date or effective date, as the case may be, on the basis upon which they first become convertible or exchangeable); and

(E) the denominator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. To the extent that any adjustment in the Exchange Basis occurs pursuant to this subsection 2.13(a) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion or exchange rights are not fully exercised, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(ii) Issue of Rights, Options or Warrants: If and whenever, at any time after the Effective Date and prior to the Time of Expiry, the Corporation shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a "**Rights Offering**"), then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(A) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, options or warrants under the Rights Offering and assuming the exchange or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(B) the denominator of which shall be the aggregate of:

(1) the number of Common Shares outstanding as of the record date for the Rights Offering; and

(2) a number determined by dividing

(x) the amount equal to the aggregate consideration payable on the exercise of all of the rights, warrants and options under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, warrants or options (assuming the exercise of all rights, warrants and options under the Rights Offering and assuming the exchange or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, warrants and options);

by

(y) the Current Market Price of the Common Shares as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted in accordance with this Article 2. Any Common Shares owned by or held for the account of the Corporation or any of its Subsidiaries or a partnership in which the Corporation is directly or indirectly a party to will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(iii) Special Distribution: If and whenever at any time after the Effective Date and prior to the Time of Expiry the Corporation shall fix a record date for the issue or distribution to all or substantially all the holders of the Common Shares of:

(A) shares of the Corporation of any class other than Common Shares;

(B) rights, options or warrants (other than rights, options or warrants issued pursuant to a Rights Offering) to acquire Common Shares or securities exchangeable for or convertible into Common Shares or property or other assets the Corporation;

(C) evidences of indebtedness; or

(D) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Dividends Paid in the Ordinary Course, a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exchange Basis shall be adjusted effective immediately after the record date for the Special Distribution by multiplying the Exchange Basis in effect on such record date by a fraction:

(E) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date, and

(F) the denominator of which shall be:

(1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, less

(2) the fair market value, as determined by action by the board of directors of the Corporation, acting reasonably and in good faith (whose determination shall be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or other assets issued or distributed in the Special Distribution,

provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date. The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2.

(iv) Reclassification of Common Shares, Consolidation, Amalgamation or Merger: If and whenever, at any time after the Effective Date and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding or change or exchange of the Common Shares into other shares or into other securities (other than a Common Share Reorganization), or a consolidation, amalgamation, plan of arrangement or merger resulting in the combination of the Corporation with or into any other corporation or other entity (other than a consolidation, amalgamation, plan of arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a "**Capital Reorganization**"), any Warrantholder who thereafter shall exercise his right to receive Warrant Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Warrant Shares to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 2 with respect to the rights and interests thereafter of Warrantholders to the end that the provisions set forth in this Article 2 shall thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(b) Adjustment of Exercise Price: Any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Exercise Price which shall be calculated by multiplying the Exercise Price by a fraction: (i) the numerator of which shall be the Exchange Basis prior to the adjustment; and (ii) the denominator of which shall be the Exchange Basis after the adjustment.

(c) Adjustments Prior to Effective Date: Notwithstanding any other provisions hereof, in the event that, at any time prior to the Effective Date, there shall have occurred one or more events which, if any Warrant was or had been outstanding, would require an adjustment or adjustments thereto or to the Exchange Basis or the Exercise Price in accordance with the provisions hereof, then, notwithstanding anything to the contrary herein and notwithstanding that no Warrants may be or have been outstanding at the applicable time under this Indenture, at the time of the issue of Warrants hereunder the same adjustment or adjustments in accordance with the adjustment provisions hereof shall be made to such Warrants, *mutatis mutandis*, as if such Warrants were and had been outstanding and governed by the provisions hereof upon the occurrence of such event or events.

Section 2.14 Rules Regarding Calculation of Adjustment of Exchange Basis

(a) Successive Adjustment: The adjustments provided for in Section 2.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to therein shall occur, subject to the following subsections of this Section 2.14.

(b) Rights Offering Price: If the purchase price provided for in any Rights Offering (the "**Rights Offering Price**") is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to subsection 2.13(a)(ii) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of Section 2.13.

(c) Minimum Adjustment: No adjustment in the Exercise Price or the Exchange Basis shall be required to be made unless the cumulative effect of such adjustment or adjustments would change the Exercise Price by at least 1% or the Exchange Basis by at least one-one hundredth of a Common Share provided, however, that any adjustments which, except for the provisions of this subsection would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment, and provided further that in no event shall the Corporation be obligated to issue fractional Common Shares upon the exercise of Warrants.

(d) *Mutatis Mutandis* Adjustment: No adjustment in the Exchange Basis shall be made in respect of any event described in subsection 2.13(a), other than the events referred to in paragraphs 2.13(a)(i)(B) and 2.13(a)(i)(C), if Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if Warrantholders had exercised their Warrants prior to or on the effective date or record date, as the case may be, of such event.

(e) No Adjustment for Certain Events: No adjustment in the Exchange Basis shall be made pursuant to Section 2.13 in respect of the issue from time to time of Common Shares purchasable on exercise of the Warrants or in respect of the issue from time to time of Dividends Paid in the Ordinary Course to holders of Common Shares who exercise an option or election to receive substantially equivalent dividends in Common Shares in lieu of receiving a cash dividend or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers, employees or consultants of the Corporation and/or any Subsidiary of the Corporation, and any such issue shall be deemed not to be an Common Share Reorganization, a Rights Offering nor any other event described in Section 2.13 hereof.

(f) No Duplication: No adjustment in the Exchange Basis shall be made pursuant to Section 2.13 to the extent that such an adjustment has been made to the exchange basis in respect of the Warrants issuable on the exercise or deemed exercise of the Special Warrants under the terms of the Special Warrant Indenture.

(g) Disputes: If a dispute shall at any time arise with respect to adjustments provided for in Section 2.13, such dispute shall, absent manifest error, be conclusively determined by the Corporation's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Corporation, the Warrant Agent and the Warrantholders. The Corporation shall ensure the Corporation's Auditors are given full access to all necessary records as they may require.

(h) Abandonment of Event: If the Corporation shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such Shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(i) Deemed Record Date: In the absence of a resolution of the directors fixing a record date for a Common Share Reorganization, a Rights Offering or a Special Distribution, the Corporation shall be deemed to have fixed as the record date therefor the earlier of the date on which holders of record of Common Shares are determined for the purpose of participating in the Common Share Reorganization, Rights Offering or Special Distribution and the date on which the Common Share Reorganization, Rights Offering or Special Distribution becomes effective.

(j) Corporate Affairs: As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(k) Other Actions: In case the Corporation, after the date hereof, shall take any action affecting any Common Shares, other than action described in Section 2.13, which in the opinion of the board of directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exchange Basis and/or Exercise Price shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances. Failure of the taking of action by the directors so as to provide for an adjustment in the Exchange Basis and/or Exercise Price prior to the effective date of any action by the Corporation affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances, in the absence of bad faith, negligence, manifest error or willful misconduct on the part of the directors.

(l) Reliance by Warrant Agent: The Warrant Agent shall be entitled to rely on any adjustment calculations prepared by the Corporation or the Corporation's Auditors.

Section 2.15 Postponement of Subscription

In any case where the application of Section 2.13 results in an increase in the number of Common Shares that are issuable upon exercise of the Warrants taking effect immediately after the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event, the Corporation may postpone the issuance to the Warrantholder of the Warrant Shares to which he is entitled by reason of such adjustment, but such Warrant Shares shall be so issued and delivered to that holder upon completion of that event, with the number of such Warrant Shares calculated on the basis of the number of Warrant Shares on the date that the Warrant was exercised, adjusted for completion of that event and the Corporation shall deliver to the person or persons in whose name or names the Warrant Shares are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Warrant Shares and the right to receive any dividends or other distributions which, but for the provisions of this Section 2.15, such person or persons would have been entitled to receive in respect of such Warrant Shares from and after the date that the Warrant was exercised in respect thereof

Section 2.16 Notice of Adjustment

(a) Notice of Effective or Record Date: At least 10 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to Section 2.13, the Corporation shall:

(i) file with the Warrant Agent a Certificate of the Corporation specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment; and

(ii) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(b) Adjustment Not Determinable: In case any adjustment for which a notice in subsection 2.16(a) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable:

(i) file with the Warrant Agent a Certificate of the Corporation confirming the required adjustment with a computation of such adjustment; and

(ii) give notice to the Warrantholders of the adjustment.

(c) Reliance by Warrant Agent: The Warrant Agent may, absent manifest error, rely upon certificates and other documents filed by the Corporation pursuant to this section for all purposes of the adjustment.

Section 2.17 No Action after Notice

The Corporation covenants with the Warrant Agent that it will not take any other corporate action which might deprive a Warrantholder of the opportunity of exercising the rights of acquisition under the Warrants during the period of 10 days after the giving of the notice set forth in subsections 2.16(a)(ii) and 2.16(b)(ii) .

Section 2.18 Optional Purchases by the Corporation

Subject to applicable law, the Corporation may from time to time purchase Warrants on any stock exchange (if then listed), in the open market, by private agreement or otherwise. Any such purchase shall be made in such manner, from such persons, at such prices and on such other terms as the Corporation in its sole discretion may determine. The Warrant Certificates representing the Warrants purchased pursuant to this Section 2.18 shall be forthwith delivered to and cancelled by the Warrant Agent and shall not be reissued.

Section 2.19 Protection of Warrant Agent

Subject to Article 8, the Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered Warrantholder to determine whether any facts exist which may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Warrant Shares which may at any time be issued or delivered upon the exercise of the Warrants;

(c) be responsible for any failure of the Corporation to issue, transfer or deliver the Warrant Shares or certificates evidencing the same upon surrender of the Warrants for the purpose of exercising the rights or to comply with the provisions or covenants contained in this Article 2; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the representations, warranties or covenants of the Corporation or any acts or deeds of the agents or servants of the Corporation.

Section 2.20 Cancellation of Warrant Certificates

All Warrant Certificates surrendered to the Warrant Agent pursuant to Section 2.8, subsection 2.10(b), Section 2.11, Section 2.18 or Section 3.1 shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of such Warrant Certificates on the register of holders maintained by the Warrant Agent pursuant to subsection 2.10(a) . The Warrant Agent shall, if required by the Corporation, furnish the Corporation with a certificate identifying the Warrant Certificates so cancelled. All Warrants represented by Warrant Certificates which have been duly cancelled shall be without further force or effect whatsoever.

ARTICLE 3
EXERCISE OF WARRANTS

Section 3.1 <u>Method of Exercise of Warrants</u>

(a) <u>Exercise by Registered Holder</u>: Subject to subsections 3.1(b) and 3.1(d), the registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Warrant Shares to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time on or before the Time of Expiry at its principal office in the City of Toronto, Ontario (or at such additional place or places as may be decided by the Corporation from time to time with the approval of the Warrant Agent), with:

(i) a duly completed and executed exercise form of the registered holder or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner reasonably satisfactory to the Warrant Agent, substantially in the form of exercise attached to the form of Warrant Certificate set out in Schedule “A” for the number of Warrant Shares subscribed for; and

(ii) a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Corporation in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. In the event that the payment of the Exercise Price received by the Warrant Agent is in the form of uncertified or unguaranteed funds, the Warrant Agent shall be entitled to delay the time of payment of the Exercise Price to the Corporation and delivery of the certificate representing the Warrant Shares so purchased by the Warrantholder until such uncertified or unguaranteed funds have cleared in the ordinary course of the financial institution upon which the same are drawn. A Warrant Certificate with the duly completed and executed exercise form and payment of the aggregate Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent.

(b) <u>Exercise by Beneficial Owner</u>: A Beneficial Owner of Uncertificated Warrants who desires to exercise his or her Warrants must do so by causing a Participant to deliver to CDS on behalf of the entitlement holder, notice of the owner’s intention to exercise Warrants in a manner acceptable to CDS. Forthwith upon receipt by CDS of such notice, as well as payment for the Exercise Price, CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (a “**Confirmation**”) in a manner acceptable to the Warrant Agent, including by electronic means through the book based registration system. Notwithstanding anything to the contrary herein, by causing a Participant to deliver to CDS a notice of the Beneficial Owner’s intention to exercise Warrants, the Beneficial Owner shall be deemed to have represented, warranted and certified that at the time of exercise of the Warrants that it (a) is not in the United States, (b) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a Person in the United States, (c) was not offered and did not acquire such Warrants in the United States, and (d) did not execute or deliver the notice of the Beneficial Owner’s intention to exercise such Warrants in the United States, and the Warrant Agent and the Corporation shall be entitled to rely on such representations, warranties and certifications. If the Beneficial Owner or Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the book based registration system by the Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such Beneficial Owner or Participant and the exercise procedures set forth in subsection 3.1(a) shall be followed.

(c) Payment of Exercise Price by Beneficial Owner: Payment representing the Exercise Price must be provided to the appropriate office of the Participant in a manner acceptable to it. A notice in form acceptable to the Participant (together with a written confirmation substantially the same as the Confirmation) and payment from such Beneficial Owner should be provided to the Participant sufficiently in advance so as to permit the Participant to deliver notice and payment to CDS and for CDS in turn to deliver notice and payment to the Warrant Agent prior to the Time of Expiry. CDS will initiate the exercise by way of the Confirmation and forward the Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the book based registration system the Warrant Shares to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the Beneficial Owner exercising the Warrants and/or the Participant exercising the Warrants on its behalf.

(d) Exercise Notice Completion: Any exercise form referred to in subsection 3.1(a) shall be signed by the Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner reasonably satisfactory to the Warrant Agent, shall specify the person(s) in whose name such Warrant Shares are to be issued, the address(es) of such person(s) and the number of Warrant Shares to be issued to each person, if more than one is so specified. If any of the Warrant Shares subscribed for are to be issued to (a) person(s) other than the Warrantholder, the signatures set out in the exercise form referred to in subsection 3.1(a) shall be guaranteed by a Canadian Schedule 1 chartered bank or a medallion signature guaranteed from a member of a recognized Signature Medallion Guarantee Program and the Warrantholder shall pay to the Corporation or the Warrant Agent all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver Warrant Shares unless or until such Warrantholder shall have paid to the Corporation or the Warrant Agent on behalf of the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

Section 3.2 No Fractional Shares

Under no circumstances shall the Corporation be obliged to issue any fractional Warrant Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Warrant Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Warrant Shares.

Section 3.3 Partial Exercise of Warrants

In the event that any Warrant shall be exercised in part only, the holder thereof, upon surrender of such Warrant in accordance with the provisions of Section 3.1, shall be entitled to receive, subject to subsection 2.2(d), without expense to such holder, one or more new Warrant Certificates for the unexercised part of the Warrants so surrendered.

Section 3.4 Disbursement of Monies

The Warrant Agent will disburse monies to the Corporation according to this Indenture only to the extent that monies have been deposited with it.

Section 3.5 Effect of Exercise of Warrants

(a) Effect of Exercise: Upon compliance by the Warrantholder with the provisions of Section 3.1, the Warrant Shares subscribed for shall be deemed to have been issued and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the Exercise Date unless the transfer registers of the Corporation for the Common Shares shall be closed on such date, in which case the Warrant Shares subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer registers are reopened.

(b) Accounting to Corporation: The Warrant Agent shall as soon as practicable account to the Transfer Agent and the Corporation with respect to Warrants exercised. All such monies, and any securities or other instruments, from time to time received by the Warrant Agent shall be received as agent for, and shall be segregated and kept apart by the Warrant Agent as agent for, the Corporation. Within 5 Business Days of receipt thereof the Warrant Agent shall forward to the Corporation (or to an account or accounts of the Corporation with a bank or trust company designated in writing by the Corporation for that purpose) all monies received through the exercise of Warrants pursuant to Article 3 hereof.

(c) Record of Exercise: The Warrant Agent shall record the particulars of the Warrants exercised for Common Shares, which particulars shall include the names and addresses of the Persons who become holders of Common Shares, if any, on exercise, the number of Common Shares issued and the Exercise Date. Within 5 Business Days of each Exercise Date, the Warrant Agent shall provide such particulars in writing to the Corporation and the Transfer Agent.

(d) Issue of Share Certificates or Other Evidence of Ownership: As soon as practicable, and in any event within 3 Business Days following the due exercise of a Warrant pursuant to Section 3.1, the Corporation shall cause the Transfer Agent to mail to the person in whose name the Warrant Shares so subscribed for are to be issued, as specified in the applicable exercise form, at the address specified in such exercise form, a certificate or certificates or other evidence of ownership representing the Warrant Shares to which the Warrantholder is entitled and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate or other evidence of ownership representing any Warrants not then exercised.

(e) Private Placement Legend: If applicable, the Warrant Shares and any certificates representing the Warrant Shares issued upon exercise of Warrants shall bear the legend provided in Section 2.2(e).

(f) U.S. Legend: The certificates representing Warrant Shares issued upon the exercise of Warrants in the United States or by or on behalf of a person in the United States or a U.S. Person shall bear the following legend until such time as the same is no longer required under applicable requirements of the U.S. Securities Act and all applicable state securities laws:

> "THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided that, if the Warrant Shares are being sold in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Rule 902(e) of Regulation S at the time of sale, the foregoing legend may be removed by providing to the Transfer Agent (i) a declaration in the form attached hereto as Schedule "B" (or as the Corporation may prescribe from time to time) and (ii) if required by the Corporation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the U.S. Securities Act; and

provided, further, that, if any Warrant Shares are being sold under Rule 144 under the U.S. Securities Act, the legend may be removed by delivering to the Transfer Agent an opinion of counsel of recognized standing reasonably satisfactory to the Corporation that the legend is no longer required under applicable requirements of the U.S. Securities Act and state securities laws.

Section 3.6 Expiration of Warrants

After the Time of Expiry, all rights under any Warrant in respect of which the right of subscription and purchase herein and therein provided for shall not theretofore have been validly exercised shall wholly cease and terminate and such Warrant shall be void and of no effect.

ARTICLE 4
COVENANTS OF THE COMPANY

Section 4.1 General Covenants

The Corporation covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that so long as any Warrants remain outstanding:

(a) it will at all times maintain its corporate existence, will carry on and conduct its business in a proper, efficient and business-like manner and in accordance with good business practice and will cause to be kept proper books of account in accordance with generally accepted accounting practices;

(b) it will use commercially reasonable efforts to ensure that all Common Shares outstanding or issuable from time to time (including for certainty the Warrant Shares issuable upon exercise of the Warrants) are listed on the TSXV (or such other stock exchange acceptable to the Corporation) for a period of three years following the Effective Date, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the U.S., or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of TSXV (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(c) it will use commercially reasonable efforts to maintain its status as a reporting issuer not in default in each of the Provinces of Canada in which the Corporation is, as at the date hereof, a reporting issuer for a period of three years following the Effective Date, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a "reporting issuer" so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or U.S., or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the TSXV (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(d) it will cause certificates or other evidence of ownership representing the Warrant Shares, if any, from time to time subscribed and paid for pursuant to the exercise of Warrants to be issued and delivered in accordance with the terms hereof;

(e) all Warrant Shares which are issued upon exercise of the right to subscribe for and purchase provided for herein, upon payment of the Exercise Price herein provided for, shall be fully paid and non-assessable shares;

(f) it will reserve and conditionally allot and keep available a sufficient number of Common Shares for the purpose of enabling the Corporation to satisfy its obligations to issue Warrant Shares upon the exercise of the Warrants, and all Warrants shall, when countersigned and registered as provided herein, be valid and enforceable against the Corporation;

(g) subject to Section 2.16, it will give to the Warrant Agent notice of its intention to fix a record date, or effective date, as the case may be, for any event referred to in Section 2.13 hereof which may give rise to an adjustment in the Exchange Basis and/or the Exercise Price and, in each case, such notice shall specify the particulars of such event and the record date, or the effective date, for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given, and such notice shall be given in each case not less than 10 days prior to the applicable record date or effective date, as the case may be;

(h) it will not close its transfer books nor take any other action which might deprive a Warrantholder of the opportunity of exercising the right of purchase pursuant to the Warrants held by such person during the period of 10 days after the giving of a notice required by this Section 4.1 or unduly restrict such opportunity;

(i) if the Corporation is a party to any transaction in which the Corporation is not the continuing corporation, it shall use commercially reasonable efforts to obtain all consents which may be necessary or appropriate under Canadian law to enable the continuing corporation to give effect to the Warrants;

(j) subject to Section 4.2, it shall prepare and file, in accordance with applicable securities law, any documents required by applicable securities laws to be filed forthwith relating to the distribution of Warrant Shares to Warrantholders upon the exercise of such Warrants;

(k) it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all other acts, deeds and assurances as the Warrant Agent may reasonably require to give effect to the provisions of this Indenture;

(l) it will promptly notify the Warrant Agent and the Warrantholders in writing of any material default under the terms of this Indenture which remains unrectified for more than 10 Business Days following its occurrence;

(m) it will give notices to the Warrantholders and the Warrant Agent in accordance with Section 9.1, Section 9.2 and Section 9.3, as applicable; and

(n) it will use commercially reasonable efforts to perform all of its covenants and carry out all the acts or things to be done by it as provided in this Indenture.

Section 4.2 Securities Qualification Requirements

(a) If, in the opinion of Counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities administrator, regulatory agency or governmental authority or any other step is required under any federal or provincial law of Canada before the Warrant Shares may be issued or delivered to a Warrantholder, the Corporation covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

(b) The Warrant Agent will provide the Corporation with all such information as the Corporation requires for the purpose of giving written notice of the issue of Warrant Shares pursuant to the exercise of Warrants, in such detail as may be required, to each securities regulatory agency or government authority in Canada in each jurisdiction in which there is legislation requiring the giving of any such notice.

Section 4.3 Warrant Agent's Remuneration and Expenses

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements of the Warrant Agent in the administration or execution of the duties and obligations hereby created, provided that the Warrant Agent shall receive prior written approval (which, for any reasonable expenses, such written approval shall not be unreasonably withheld) for any expense in excess of $1,000 that it intends to incur in connection with the services it provides to the Corporation pursuant to this Indenture (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense or disbursement in connection with or related to or required to be made as a result of the gross negligence, wilful misconduct, bad faith or fraud of the Warrant Agent. The Warrant Agent shall have no obligation to take any action under this Indenture so long as any payment is due to the Warrant Agent for any reasonable fees, expenses and disbursements. Any amount owing under this Section 4.3 and unpaid 30 days after request for such payment will bear interest from the expiration of such 30 days at a rate per annum equal to the then current rate charged by the Warrant Agent, payable on demand.

Section 4.4 Performance of Covenants by Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Indenture and the Corporation has not rectified such failure within 25 Business Days after receiving written notice in accordance with Article 9 from the Warrant Agent of such failure, the Warrant Agent may notify the Warrantholders in accordance with Article 9 of such failure on the part of the Corporation or may itself perform any of such covenants capable of being performed by it, but shall be under no obligation to perform such covenants or to notify the Warrantholders of such performance by it. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in Section 4.3. No such performance, expenditure or disbursement, by the Warrant Agent shall be deemed to relieve the Corporation of any default hereunder or of its continuing obligations under the covenants in this Indenture.

ARTICLE 5
ENFORCEMENT

Section 5.1 Suits by Warrantholders

All or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by and/or this Indenture may be enforced by such Warrantholder by appropriate legal proceedings, but without prejudice to the rights which are hereby conferred upon the Warrant Agent to proceed in its own name or on behalf of the Warrantholders to enforce each and every provision herein contained for the benefit of the Warrantholders, and subject to the provisions of Section 5.2, Section 5.3 and Section 8.1. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

Section 5.2 Immunity of Shareholders

Subject to applicable law, the Warrant Agent and, by acceptance of the Warrant Certificate and as part of the consideration for the issue of the Warrants, the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any person in its capacity as an incorporator or any past, present or future Shareholder, director, officer, employee or agent of the Corporation for the creation and issue of the shares pursuant to any Warrant or any covenant, agreement, representation or warranty by the Corporation herein or contained in the Warrant Certificates.

Section 5.3 Limitation of Liability

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

ARTICLE 6
MEETINGS OF WARRANTHOLDERS

Section 6.1 Conduct of Meetings

Meetings of Warrantholders shall be convened held and conducted in the following manner:

(a) Calling of Meetings: At any time and from time to time the Warrant Agent or the Corporation may, and the Warrant Agent shall on receipt of a Warrantholders' Request, and, upon being indemnified to its reasonable satisfaction and furnished with sufficient funds for all reasonable costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Warrantholders. If, within 15 Business Days after receipt of such Written Request of the Corporation or Warrantholders' Request, the Warrant Agent fails to convene a meeting after being duly required by the Corporation or the Warrantholders as set out above, the Corporation or such Warrantholders, as the case may be, may convene such meeting and the notice calling such meeting may be signed by such person as the Corporation or such Warrantholders may specify.

(b) Place of Meeting: Every meeting of the Warrantholders will be held in the City of Toronto, Ontario, or such other place that is approved or determined by the Warrant Agent and the Corporation, as hereinafter provided.

(c) Notice of Meetings: Notice of any meeting of the Warrantholders shall be given to the Warrantholders, to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation), which notice must be mailed or delivered in accordance with this Article 6 and Section 9.1 and Section 9.2 at least 10 days prior to the date of such meeting. Such notice shall state the time when, and the place where, the meeting is to be held and shall specify in general terms the nature of the business to be transacted thereat, but it shall not be necessary to specify in the notice the text of the resolutions to be passed. A copy of all notices shall be delivered to the Warrant Agent, unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The accidental omission to give such notice to or the non-receipt of any such notice by a Warrantholder shall not invalidate any resolution passed at such meeting.

(d) Quorum: At any meeting of the Warrantholders, subject as herein provided, a quorum shall consist of two or more persons present in person holding, either personally or as proxies for holders, not less than 25% of the aggregate number of the then outstanding Warrants. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting and the meeting was called by the Warrant Agent or the Corporation, the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place and, at such adjourned meeting, a quorum shall consist of the Warrantholders then and there represented in person or by proxy and voting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting and the meeting was called by Warrantholders, the meeting shall be cancelled.

(e) Chairman: An individual, who need not be a Warrantholder, nominated in writing by the Warrant Agent, shall be chair of the meeting. If no person is so nominated or if the person so nominated is not present within 15 minutes after the time fixed for the holding of the meeting, the Warrantholders and proxies for Warrantholders present shall choose a person present, including any one of their number, to be chair of the meeting.

(f) Power to Adjourn: Subject to the provisions of subsection 6.1(d) hereof, the chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

(g) Voting: Subject to the provisions of Section 6.5, every question submitted to a meeting, except an Extraordinary Resolution and unless otherwise specified in this Indenture, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll and shall be binding on all Warrantholders. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as a proxy for a Warrantholder, or both, shall be entitled to one vote. A poll shall be taken on every Extraordinary Resolution and when requested by a Warrantholder or a proxy representing a Warrantholder or if directed by the chair. On a poll, each Warrantholder shall have one vote for each Warrant of which it is the holder. Votes may be given in person or by proxy and a proxy holder need not be a Warrantholder. If, at any meeting, a poll is so demanded as set out above on the election of a chair or on a question of adjournment, it shall be taken forthwith. If, at any meeting, a poll is so demanded on any other question or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner, either at once or after an adjournment, as the chair directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Warrantholders. The chair of the meeting shall not have a casting vote.

(h) Declaration by Chairman: At any meeting of the Warrantholders, in cases where no poll is required or requested, a declaration made by the chair that a resolution has been carried, carried by a particular majority or lost shall be conclusive evidence thereof.

(i) Regulations: The Warrant Agent or the Corporation, with the approval of the Warrant Agent, may make and from time to time vary such regulations as it shall deem fit providing for and governing the conduct at meetings of Warrantholders. Any regulations so made shall be binding and effective and votes given in accordance therewith shall be valid and shall be counted.

Section 6.2 Powers Exercisable by Extraordinary Resolution

(a) Powers Exercisable: A meeting of the Warrantholders shall, in addition to any powers hereinbefore given or conferred on them by law, have the following powers, which shall be exercisable from time to time by Extraordinary Resolution, and the Warrant Agent shall act in respect of such matters only after receiving approval of such Extraordinary Resolution:

(i) to sanction any change whatsoever in any of the provisions of this Indenture or the Warrants and any modification, waiver, abrogation, alteration, compromise or arrangement of the rights of the Warrantholders or the Warrant Agent (provided that the Warrant Agent shall have given its prior written consent thereto) against the Corporation or against its undertaking, property and assets, whether such rights shall arise under this Indenture or the Warrants, which is consented to by the Corporation, and to authorize the Warrant Agent to concur in and execute any indenture supplemental to this Indenture embodying any such change, modification, waiver, abrogation, alteration, compromise or arrangement;

(ii) to sanction the release of the Corporation from its covenants and obligations hereunder;

(iii) to waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any of the provisions of this Indenture or the Warrants, either unconditionally or upon any conditions specified in such Extraordinary Resolution;

(iv) to sanction any winding up or scheme for the reorganization of the Corporation into or with any other corporation, or for the transferring, selling or leasing of the undertaking, property and assets or any part thereof of the Corporation, where the consent of the Warrantholders may be required thereto;

(v) to sanction the exchange of the Warrants for, or the exercise of the Warrants into, shares, debentures or bonds of any other corporation formed or to be formed;

(vi) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or securities of the Corporation, where the consent of the Warrantholders may be required thereto;

(vii) to restrain any holder of Warrants from taking or instituting any action or other proceeding for the execution of any trust or power hereunder, or for the appointment of any liquidator or receiver or receiver and manager, for a receiving order under bankruptcy legislation, or to have the Corporation wound up or for any other remedy hereunder, and to require such Warrantholder to waive any default by the Corporation on which any action or proceeding is founded, and, in case any action or other proceeding shall have been brought by any Warrantholder after the failure of the Warrant Agent to act, the power to direct such holder and the Warrant Agent to waive the default in respect of which such action or other proceeding shall have been brought upon payment of the costs, charges and expenses incurred in connection therewith, and to stay or discontinue or otherwise deal with any such action or other proceeding;

(viii) to require the Warrant Agent, subject to the funding and indemnity obligations under this Indenture, to exercise or refrain from exercising any of the powers, rights or authority conferred upon the Warrant Agent under this Indenture;

(ix) to remove the Warrant Agent and to appoint a new Warrant Agent to take the place of the Warrant Agent so removed;

(x) to amend, alter or repeal any Extraordinary Resolution previously passed;

(xi) from time to time to appoint a committee with power and authority, subject to such limitations, if any, as may be prescribed in the resolution, to exercise on behalf of the Warrantholders such of the powers of the Warrantholders exercisable by Extraordinary Resolution or other resolution as shall be included in such appointment. Such committee shall consist of such number of persons as may be prescribed in the resolution appointing it and the members need not be themselves Warrantholders. Every such committee may elect its chair, and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by resolutions signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Warrantholders and the Corporation, and the Warrant Agent shall be entitled to rely on actions taken by such committee. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(xii) to change the method, structure or procedures for voting or giving consents hereunder, including, without limitation, any change in the percentages required for voting or for consent to the taking of any action or the exercise of any power as provided in this Indenture; and power to take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(b) Powers Cumulative: The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of any one or more of such powers, or any combination of such powers from time to time, shall not be deemed to exhaust the rights of the Warrantholders to exercise such power or powers, or combination of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution pursuant to this Section 6.2 shall derogate in any way from any rights of the Corporation under or pursuant to this Indenture.

Section 6.3 Persons Who May Attend

The Corporation and the Warrant Agent by their respective officers, directors and employees, and Counsel to the Corporation and the Warrant Agent, may attend any meeting of the Warrantholders.

Section 6.4 Minutes

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

Section 6.5 Instruments in Writing

Any resolution or instrument signed in one or more counterparts by the holders of not less than the applicable percentage for such meeting or matter of the aggregate number of Warrants then outstanding shall have the same force and effect as a resolution duly passed at a meeting of the Warrantholders by the affirmative vote of such percentage of the votes cast thereat.

Section 6.6 Binding Effect of Resolutions

All resolutions, including an Extraordinary Resolution, adopted in accordance with the provisions hereof shall be binding upon all Warrantholders and upon each and every Warrantholder and such Warrantholder’s respective heirs, executors, administrators, successors and assigns, whether present or absent, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent, subject to the provisions for its indemnity herein contained, shall be bound to give effect thereto accordingly. Except as herein expressly provided to the contrary, no action shall be taken at a meeting of the Warrantholders which changes any provision of this Indenture or any document pertaining to the subject matter of this Indenture or changes or prejudices the exercise of any right of any Warrantholder, except by Extraordinary Resolution and with the prior Written Consent of the Corporation.

Section 6.7 Holdings by the Corporation and Subsidiaries Disregarded

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Warrantholders’ Request or other action under this Indenture, Warrants owned legally or beneficially by the Corporation or its Subsidiaries or in partnership of which the Corporation is directly or indirectly a party to shall be disregarded. The Corporation shall provide, upon the written request of the Warrant Agent, a certificate as to the registration particulars of any Warrants held by the Corporation.

ARTICLE 7
SUPPLEMENTAL INDENTURES

Section 7.1 **Supplemental Indentures**

(a) Subject to Article 6, from time to time the Corporation (when authorized by a resolution of the directors of the Corporation) and the Warrant Agent may and, subject to the provisions of this Indenture, when so directed by this Indenture, shall execute, acknowledge and deliver, deeds or indentures supplemental hereto, which thereafter shall form part hereof, or do and perform any other acts and things and execute and deliver any other documents, for any one or more of the following purposes:

(i) providing for the issuance of additional Warrants hereunder and any consequential amendments hereto as may be required by the Warrant Agent, relying on the opinon of Counsel, notwithstanding any provision to the contrary in Article 6 hereof;

(ii) evidencing the succession, or successive successions, of any other person to the Corporation and the assumption by such successor of the covenants and obligations of the Corporation under this Indenture;

(iii) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrant Certificates, or making any modification in the form of the Warrant Certificates which does not affect the substance thereof;

(iv) modifying any of the provisions of this Indenture or relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that no such modification or relief shall be or become operative or effective in such manner as to impair any of the rights of the Warrant Agent or to adversely affect the interests of Warrantholders, in the opinion of Counsel, without the approval by Warrantholders by Extraordinary Resolution and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative;

(v) implementing the provisions of any resolution of Warrantholders;

(vi) adding to the covenants of the Corporation herein contained for the protection of the Warrantholders;

(vii) setting forth the adjustments from the application of Article 2;

(viii) making such amendments, deletions or alterations hereto without the consent of the Warrantholders that may be considered necessary or desirable by the Corporation and its Counsel to give effect to any applicable law governing the rights and duties of the Warrant Agent; and

(ix) for any other purpose not inconsistent with the terms of this Indenture and which the Warrant Agent is satisfied, based on the opinion of Counsel, acting reasonably, does not adversely affect the interests of the Warrantholders.

(b) The Warrant Agent may also, without the consent or concurrence of the Warrantholders, by supplemental indenture or otherwise, concur with the Corporation in making any changes or corrections in this Indenture as to which it shall have received advice from Counsel that such changes are non-substantive corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omission or mistake or manifest error contained herein or in any deed or indenture supplemental or ancillary hereto, provided that such change or correction does not, in the opinion of Counsel, adversely affect the interests of the Warrantholders.

Section 7.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety, the company (a "**successor company**") resulting from the amalgamation, consolidation, arrangement, merger, business combination or transfer (if not the Corporation) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Corporation and the successor company shall by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, expressly assume those obligations.

ARTICLE 8
CONCERNING THE WARRANT AGENT

Section 8.1 Applicable Legislation

(a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(b) The Corporation and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefits of Applicable Legislation.

Section 8.2 Rights and Duties of Warrant Agent

(a) No Trust: The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(b) Degree of Skill: In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(c) Conditions for Action: Subject to subsection 6.1(a), the Warrant Agent shall not be bound to do or give any notice or take any act, action or proceeding for the enforcement of any of the obligations of the Corporation under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding which the Warrant Agent is requested to take, nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and, in the absence of any such notice, the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default. Subject to the duties and obligations of the Warrant Agent under subsection 6.1(a), the obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its Counsel to protect and hold harmless the Warrant Agent and its officers, directors, employees and agents against the costs, charges and expenses and liabilities to be incurred thereby and any loss or damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any its duties or in the exercise of any rights or powers hereunder unless it is indemnified as contemplated by Section 8.10.

(d) Deposit of Warrant Certificates: The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrant Certificates held by them, for which Warrant Certificates the Warrant Agent shall issue deposit receipts.

(e) Entitlement Not to Act: Notwithstanding the foregoing provisions of this Section 8.1, the Warrant Agent shall be entitled at any time and from time to time to do or give any notice or take any act, action or proceeding to preserve and protect its interests or the interests of the Warrantholders under this Indenture as it reasonably deems necessary in the circumstances.

(f) Reliance by Warrant Agent: No duty shall rest with the Warrant Agent to determine compliance of the transferor or transferee with applicable securities laws. The Warrant Agent shall be entitled to assume, in the absence of evidence to the contrary, that all transfers are being made in accordance with applicable securities laws.

Section 8.3 Evidence, Experts and Advisers

(a) Additional Evidence: In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof in such form as may be prescribed by applicable laws, or as the Warrant Agent may reasonably require by written notice to the Corporation.

(b) Entitlement to Rely on Evidence: In the exercise of its rights, duties and obligations, the Warrant Agent may, if it is acting in good faith, rely, as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or other requirement of this Indenture or required by the Warrant Agent to be furnished to it in the exercise of its rights and duties under this Indenture, where such statutory declarations, opinions, reports or certificates comply with the requirements of this Indenture and the Warrant Agent examines such evidence and determines that such evidence indicates compliance with the applicable requirements of this Indenture.

(c) Proof of Execution: Proof of execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by the certificate of a notary public, or other officer with similar powers, that such person signing such instrument acknowledged to the Warrantholder the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(d) Use of Counsel: Subject to the provisions of Section 4.3, the Warrant Agent may employ such Counsel, agents and other experts as it may reasonably require for the proper discharge of its duties under this Indenture.

(e) Reliance on Counsel and Other Advisors: The Warrant Agent may, in relation to this Indenture, rely and act on the opinion, advice or information obtained from any Counsel, auditor, valuator, engineer, surveyor or other expert, whether obtained by the Warrant Agent or by the Corporation, and may employ such experts as may be necessary for the proper discharge of its duties or in the event of any questions as to any of the provisions hereof, and shall not be responsible for any negligent actions or misconduct of such experts. The cost of such services shall be added to and be part of the Warrant Agent's remuneration hereunder.

Section 8.4 Limitation of Warrant Agent's Duties

(a) The Warrant Agent shall have no duties except those which are expressly set forth herein and shall not be bound by any notice of a claim or demand with respect to, or any waiver, modification, amendment, termination or rescission of, this Indenture, unless received by it in writing and signed by the Corporation.

(b) In the event of any disagreement arising regarding the terms of this Indenture, the Warrant Agent shall be entitled, at its option, to refuse to comply with any or all demands whatsoever until the dispute is settled, either by agreement amongst the various parties or by a court of competent jurisdiction.

(c) The Warrant Agent shall not be liable for, or by reason of, any statements of fact or recitals in this Indenture or the Warrant Certificates, except the representations contained in Section 2.5, Section 8.5, Section 8.9 and in the certificate of the Warrant Agent on the Warrant Certificates, or be required to verify such statements of fact or recitals, but all such statements of fact or recitals are and shall be deemed to be made by the Corporation.

(d) Nothing herein shall impose any obligation on the Warrant Agent to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

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

(f) The Warrant Agent shall not be bound to give notice to any person of the execution hereof.

(g) The Warrant Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach of the part of the Corporation of any of the covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation.

(h) In this Indenture, whenever confirmation or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

Section 8.5 Conflict of Interest

The Warrant Agent represents to the Corporation that, at the time of the execution and delivery hereof, no material conflict of interest exists in the Warrant Agent's role hereunder and agrees, that in the event of a material conflict of interest arising hereafter, it will, within 60 days after ascertaining that it has such material conflict of interest, either eliminate such conflict or resign as Warrant Agent in the manner and with the effect specified in Section 8.11. Forthwith after the Warrant Agent becomes aware that it has a material conflict of interest, it shall provide the Corporation with written notice of the nature of that conflict.

Section 8.6 Warrant Agent May Deal in Securities

Subject to Section 8.5, the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation (including, without limitation, Warrants) and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

Section 8.7 Warrant Agent Not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of its duties and powers accorded it under this Indenture.

Section 8.8 Counsel Fees Need Not Be Taxed

Whenever the Warrant Agent is authorized under this Indenture to employ Counsel, the fees of such Counsel need not be taxed (unless the Warrant Agent or the Corporation shall deem it necessary to tax such fees) but may be fixed by the Warrant Agent and paid as a lump sum. No fees paid in good faith by the Warrant Agent under the provisions of this Section 8.8 shall be disallowed in the taking of any accounts by reason only of the fact that such fees are greater than they might have been if such fees had been taxed or by reason of such fees not having been taxed, but such fees so paid by the Warrant Agent shall be allowed and reimbursed to the Warrant Agent by the Corporation.

Section 8.9 Authority to Carry on Business

The Warrant Agent represents to the Corporation that, at the date of execution and delivery by it of this Indenture, it is authorized to perform its obligations under this Indenture and to carry on the business of a transfer agent and trust company in the Province of Ontario. If, notwithstanding the provisions of this Section 8.9, the Warrant Agent ceases to be so authorized to perform its obligations under this Indenture or to carry on business, the validity and enforceability of this Indenture and the Warrants issued hereunder shall not be affected in any manner whatsoever by reason only of such event, but the Warrant Agent shall, within 60 days after ceasing to be so authorized, either become so authorized or resign as Warrant Agent in the manner and with the effect specified in Section 8.11.

Section 8.10 Indemnification

The Corporation hereby indemnifies and saves harmless the Warrant Agent and its officers, directors, employees and agents to, from and against any and all liabilities, losses, expenses, disbursements, damages, costs, claims, actions or demands whatsoever, including reasonable legal or advisor fees and disbursements, which may be brought against the Warrant Agent or which it may suffer or incur as a result or arising out of the performance of its duties and obligations under this Indenture, save only in the event of the gross negligence, wilful misconduct or fraud of the Warrant Agent and its officers, directors, employees or agents. It is understood and agreed that this indemnification shall survive the termination of this Indenture and the removal or resignation of the Warrant Agent.

Section 8.11 Replacement of Warrant Agent

(a) Resignation: The Warrant Agent may resign as warrant agent under this Indenture after giving not less than 60 days' prior notice in writing to the Corporation or such shorter period as the Corporation may accept as sufficient and shall resign in the circumstances described in Section 8.5 and Section 8.9. Upon such resignation, the Warrant Agent shall be discharged from all further duties and liabilities under this Indenture, provided, however, that no such resignation shall relieve or release the Warrant Agent of any liability on the part of the Warrant Agent existing as at the date of resignation or any claims or actions which the Warrantholders or the Corporation may have, pursuant to the provisions of this Indenture, against the Warrant Agent for its gross negligence, wilful misconduct or fraud which occurred prior to its resignation. If the Warrant Agent has a conflict of interest that requires the Warrant Agent to resign in accordance with Section 8.5, the validity and enforceability of this Indenture and the Warrants issued hereunder shall not be affected in any manner whatsoever by reason only of the existence of such conflict of interest. If the Warrant Agent contravenes this Indenture, any interested party may apply to the Ontario Superior Court of Justice or any other court of competent jurisdiction for an order that the Warrant Agent be removed and replaced as warrant agent hereunder.

(b) Appointment of Successor Warrant Agent: If the Warrant Agent resigns, is removed or dissolved, becomes bankrupt, goes into liquidation or otherwise becomes incapable of acting hereunder, the Corporation shall forthwith appoint a new Warrant Agent unless a new Warrant Agent has already been appointed by the Warrantholders. Failing such appointment by the Corporation, the retiring Warrant Agent or any Warrantholder may apply, at the Corporation's expense, to the Ontario Superior Court of Justice or any other court of competent jurisdiction, on such notice as such court may direct, for the appointment of a new Warrant Agent. Any new Warrant Agent so appointed by the Corporation or by the court shall be subject to removal by the Warrantholders pursuant to the provisions of this Indenture. Any new Warrant Agent appointed pursuant to this Section 8.11 shall be a trust company or a recognized transfer agent at arm's length with the Corporation or any affiliate of the Corporation and shall be subject to and be able to make the representations of the Warrant Agent in Section 2.5, Section 8.5 and Section 8.9. Upon any appointment of a new Warrant Agent, such new Warrant Agent shall be vested with the same powers, rights, duties and obligations as if it had been originally named as Warrant Agent, without any further assurance, conveyance, act or deed. There shall be immediately executed, at the expense of the Corporation, all such instruments, if any, as the new Warrant Agent may be advised by Counsel are necessary or advisable. At the request of the Corporation or the new Warrant Agent, the retiring Warrant Agent, upon payment of its outstanding fees and expenses, shall duly assign, transfer and deliver to the new Warrant Agent all property held and all records kept by the retiring Warrant Agent hereunder or in connection herewith.

(c) No Further Act for Merger or Sale: Any company into which the Warrant Agent may be merged or sold or with which it may be consolidated or amalgamated or any company resulting from any merger, consolidation or amalgamation to which the Warrant Agent shall be a party, or any company succeeding to the corporate trust business of the Warrant Agent, shall be the successor Warrant Agent under this Indenture without the execution of any instrument or any further act unless, in the opinion of Counsel, such action would be prudent, provided that such successor Warrant Agent shall be a trust company or a recognized transfer agent at arm's length with the Corporation or any affiliate of the Corporation and will be subject to and able to make the representations of the Warrant Agent in Section 2.5, Section 8.5 and Section 8.9.

(d) Name Change: In case at any time the name of the Warrant Agent is changed and at such time any of the Warrant Certificates have been countersigned but not delivered, the Warrant Agent may adopt the countersignature under its prior name and deliver Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates have not been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates will have the full force provided in the Warrant Certificates and in this Indenture.

Section 8.12 Privacy

Despite any other provision of this Indenture, no party hereto shall take or direct any action that would contravene, or cause the other to contravene, applicable federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**"). The Corporation shall, prior to transferring or causing to be transferred personal information to the Warrant Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Warrant Agent shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Warrant Agent agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

Section 8.13 Force Majeure

The Warrant Agent shall not be personally liable to the other parties, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

Section 8.14 Acceptance of Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become Warrantholders from time to time issued under this Indenture.

Section 8.15 Warrant Agent Not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver, a receiver and manager or a liquidator of all or any part of the assets or undertaking of the Corporation or any Subsidiary or any partnership of which the Corporation is directly or indirectly involved.

Section 8.16 Documents, Monies, Etc. Held by Warrant Agent

Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof, for the benefit of the Corporation, may be placed in the deposit vaults of the Warrant Agent or of any Schedule 1 Canadian chartered bank for safekeeping with any such bank or the Warrant Agent. All interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Corporation and shall be paid to the Corporation upon discharge of this Indenture.

Section 8.17 Application of Section

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Warrant Agent shall be subject to the provisions of this Article 8, and specifically the duties and obligations imposed on the Warrant Agent under subsection 8.2(a) .

ARTICLE 9
GENERAL

Section 9.1 Notice to the Corporation and the Warrant Agent

(a) Notices: Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by facsimile:

(i) if to the Corporation:

Sphere 3D Corporation
240 Matheson Blvd. East
Mississauga, Ontario L4Z 1X1
Facsimile: (905) 282-9966
Attention: T. Scott Worthington, Chief Financial Officer

with a copy (for information purposes only and not constituting notice) to:

Meretsky Law Firm
Barristers and Solicitors
Standard Life Centre
121 King Street West, Suite 2150
Toronto, Ontario M5H 3T9

Facsimile: (416) 943-0811
Attention: Jason D. Meretsky

(ii) if to the Warrant Agent:

Equity Financial Trust Company
200 University Avenue, Suite 300
Toronto, ON M5H 4H1

Facsimile: (416) 361-0470
Attention: Corporate Trust Services

and any such notice so delivered or transmitted shall be deemed to have been received on the date of delivery or transmittal, as the case may be, if that date is a Business Day and it is delivered or transmitted prior to 5:00 p.m. on such day, or the Business Day following the date of delivery or transmittal if such date is not a Business Day or it is delivered or transmitted after 5:00 p.m. on such day or, if mailed, shall be deemed to have been received on the fifth Business Day following the date of the postmark on such notice.

(b) Change of Address: The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in subsection (a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture. A copy of any notice of change of address given pursuant to subsection (a) shall be available for inspection at the principal stock transfer office of the Warrant Agent in the City of Toronto, Ontario by Warrantholders during normal business hours.

Section 9.2 Notice to the Warrantholders

Any notice to the Warrantholders or any notice to CDS which would reasonably be expected to be given to a CDS Participant under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail to the holders at their addresses appearing in the register of holders. Any notice so delivered or transmitted shall be deemed to have been received on the fifth Business Day following the date of the postmark on such notice. Accidental error or omission in giving notice or accidental failure to give notice to any Warrantholder shall not invalidate any action or proceeding founded thereon.

Section 9.3 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Warrant Agent or the Corporation would reasonably be unlikely to reach its destination in the ordinary course of mail, such notice shall be valid and effective only if delivered to an officer of the party to which it is addressed or if sent to such party, at the appropriate address in accordance with Section 9.1, by facsimile transmission or other means of prepaid transmitted or recorded communication.

In the case of Warrantholders, such notice may be given by means of publication in The Globe and Mail newspaper or, in the event of a disruption in the circulation of that newspaper, once in a daily newspaper in the English language of general circulation in Toronto, Ontario; provided that in the case of a notice convening a meeting of the Warrantholders, the Warrant Agent may require such additional publications of that notice, in the same or in other cities or both, as it may deem necessary for the reasonable notification of the Warrantholders or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

Section 9.4 Third Party Interests

The Corporation represents to the Warrant Agent that any account to be opened by, or interest to held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent prescribed form as to the particulars of such third party.

Section 9.5 Satisfaction and Discharge of Indenture

Upon the earlier of (i) the date by which there shall have been delivered to the Warrant Agent for exercise or cancellation in accordance with the provisions hereof all Warrants theretofore authenticated hereunder; or (ii) the Time of Expiry, this Indenture, except to the extent that Warrant Shares and certificates or other evidence of ownership therefor have not been issued and delivered hereunder or the Corporation has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Corporation, and the Warrant Agent, on written demand of and at the cost and expense of the Corporation, and upon delivery to the Warrant Agent of a Certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Corporation's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Corporation against the Warrant Agent.

Section 9.6 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Except as provided in Section 5.2 and Section 5.3, nothing in this Indenture or the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

Section 9.7 Indenture to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Warrant Certificate, the terms of this Indenture will prevail.

Section 9.8 Assignment

Neither this Indenture nor any benefits or burdens under this Indenture shall be assignable by the Corporation or the Warrant Agent without the prior written consent of the other parties, which consent shall not be unreasonably withheld. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the Corporation and the Warrant Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

Section 9.9 **Counterparts and Formal Date**

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture. Such executions may be transmitted to the parties hereby by facsimile, email or other electronic delivery methods (including in electronic portable document format (.pdf), and any such execution shall have the fully force and effect of an original signature.

[Remainder of page is intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

SPHERE 3D CORPORATION

By: (signed) *"T. Scott Worthington"*
T. Scott Worthington
Chief Financial Officer

EQUITY FINANCIAL TRUST COMPANY

By: (signed) *"Kathy Thorpe"*
Name: Kathy Thorpe
Title: Senior Trust Officer

By: (signed) *"Donald Crawford"*
Name: Donald Crawford
Title: Corporate Trust Officer

SCHEDULE "A"

FORM OF WARRANT CERTIFICATE

[Include on Warrant Certificate representing Warrants acquired on the exercise of Special Warrants prior to the earlier of the Qualification Date and October 6, 2014: UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 6, 2014.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF) MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL OCTOBER 6, 2014.]

[Include on Warrant Certificate issued in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States: THESE WARRANTS AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS IS AVAILABLE. THE TERMS "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT.

IF THE WARRANTS ARE REPRESENTED BY A GLOBAL WARRANT, UPON EXERCISE THEREOF, THE HOLDER WILL BE DEEMED TO REPRESENT, WARRANT AND CERTIFY, AT THE TIME OF EXERCISE OF THE WARRANTS, THAT THE HOLDER IS NOT IN THE UNITED STATES, IS NOT A "U.S. PERSON" AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND IS NOT EXERCISING THE WARRANTS FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES, WAS NOT OFFERED AND DID NOT ACQUIRE THE WARRANTS IN THE UNITED STATES, AND DID NOT EXECUTE OR DELIVER THE SUBSCRIPTION FORM IN THE UNITED STATES. IF THE HOLDER CANNOT MAKE THESE REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS, THE WARRANTS MUST BE WITHDRAWN FROM THE GLOBAL WARRANT AND ISSUED IN FULLY REGISTERED FORM.

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.]

WARRANTS TO PURCHASE COMMON SHARES
OF SPHERE 3D CORPORATION

CUSIP: [84841Q125 [4 month hold] / 84841Q141]
ISIN: [CA84841Q1256 [4 month hold] / CA84841Q1413]

Certificate Number: W-•

Representing • Warrants to purchase
• Common Shares

THIS IS TO CERTIFY THAT, for value received, ______________________________ (the "**holder**") is entitled at any time at or before 5:00 p.m. (Toronto time) on June 5, 2016 (the "**Time of Expiry**") to acquire, subject to adjustment in certain events, one common share ("**Common Share**") of Sphere 3D Corporation (the "**Corporation**") for each Warrant held, by surrendering to Equity Financial Trust Company (the "**Warrant Agent**") at its principal office in Toronto, Ontario, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of $11.50 per Common Share (the "**Exercise Price**") by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Corporation at par at the above-mentioned office of the Warrant Agent.

The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder. No Warrant Certificate representing fractional Warrants will be issued. By acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in Toronto, Ontario.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Exercise Price, the Corporation shall cause to be issued to the person(s) in whose name(s) the Common Shares so subscribed for are directed to be issued (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program) and the holder shall pay to the Corporation or the Warrant Agent all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates or other evidence of ownership representing the Common Shares unless or until the holder shall have paid the Corporation or the Warrant Agent the amount of such tax (or shall have satisfied the Corporation that such tax has been paid or that no tax is due) the number of Common Shares to be issued to such person(s) and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate, the Corporation shall cause the Transfer Agent to issue a certificate(s) or other evidence of ownership representing such Common Shares to be issued within three Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

Neither the Warrants represented by this Warrant Certificate nor the Common Shares issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Warrants may not be exercised in the United States or by or on behalf of, or for the account or benefit of, a "U.S. person" or a person in the "United States" (as defined by Regulation S under the U.S. Securities Act) unless an exemption is available from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states.

This Warrant Certificate represents Warrants of the Corporation issued under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Indenture**") dated as of June 5, 2014 between the Corporation and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Corporation and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Indenture. A copy of the Indenture will be available for inspection at the principal office of the Warrant Agent in Toronto, Ontario. **In the event of any conflict between the provisions contained in this Warrant Certificate and the provisions of the Indenture, the provisions of the Indenture shall prevail.**

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form reasonably satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution reasonably satisfactory to the Warrant Agent. Subject to the provisions of the Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrant Certificates representing in the aggregate the same number of Warrants. The Corporation and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Indenture expressly provided.

The Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Exercise Price in certain events therein set forth.

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

The Warrants and the Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Indenture.

The Corporation may from time to time at any time prior to the Time of Expiry purchase any of the Warrants by private agreement or otherwise on such terms and conditions and at such price as the Corporation may in its sole discretion determine.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

IN WITNESS WHEREOF THE CORPORATION has caused this Warrant Certificate to be signed by its officers or other individuals duly authorized in that behalf as of the • day of •, 20•.

SPHERE 3D CORPORATION

Per: ______________________________
Authorized Signing Officer

This Warrant Certificate is one of the Warrant Certificates referred to in the Indenture.

Countersigned this • day of •, 20•.

EQUITY FINANCIAL TRUST COMPANY

Per: ______________________________
Authorized Signing Officer

EXERCISE FORM

TO: SPHERE 3D CORPORATION

c/o Equity Financial Trust Company
200 University Avenue, Suite 300
Toronto, Ontario, M5H 4H1

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for ____________________ Common Shares of Sphere 3D Corporation (the "**Corporation**") at the Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Indenture and encloses herewith a certified cheque, bank draft or money order payable at par in the City of Toronto, Ontario to the order of "Sphere 3D Corporation" in payment of the subscription price of the Common Shares hereby subscribed for.

The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

[_] A. The undersigned holder (i) at the time of exercise of the Warrants is not in the United States and is not exercising the Warrants on behalf of a person in the United States; (ii) at the time of exercise of the Warrants is not a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")) and is not exercising the Warrants on behalf of a U.S. person; and (iii) did not execute or deliver this exercise form in the United States.

[_] B. The undersigned holder (i) purchased Units comprising Common Shares and Warrants for its own account and not for the benefit of any other person and is an institutional "accredited investor" (satisfies one or more criteria of Rule 501(a)(1,), (2), (3), or (7) of Regulation D under the U.S. Securities Act) ("**Accredited Investor**"); (ii) is exercising the Warrants solely for its own account and not for the benefit of any other person; and (iii) it was an Accredited Investor on the date the Units were acquired from the Corporation and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder to the Corporation in connection with the acquisition of the Units in such offering remain true and correct on the date hereof.

[_] C. The undersigned holder has delivered to the Corporation a written opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state laws is available for the issue of the Common Shares issuable upon exercise of the Warrants. (Note: If this box is to be checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with exercise will be reasonably satisfactory in form and substance to the Corporation.)

The undersigned holder hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full	**Address(es)**	**Number of Common Shares**
____________________	____________________	____________________
____________________	____________________	____________________
____________________	____________________	____________________

Certificates representing the Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked.

The undersigned holder understands that unless Box A above is checked, the certificates representing the Warrant Shares issued upon exercise of the Warrants will bear a legend, as set forth in Section 2.3 of the Indenture, restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available.

(If securities are issued to a person other than the registered Warrantholder, the holder must pay to the Warrant Agent all exigible taxes and the signature of the holder must be guaranteed by a Canadian Schedule I chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program).

DATED this ______ day of _______________, 20______.

Signature of the Warrantholder

guaranteed by:

____
Signature of Warrantholder

____
Print Name of Warrantholder

____
Print name of authorized signatory if Warrantholder is not an individual

____
____
Address and telephone number of Warrantholder

[ ] **Please check this box if the securities are to be delivered at the office where Warrants are surrendered, failing which the securities will be mailed.**

NOTES:

(1) The signature to this exercise form must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatsoever.

(2) If this exercise form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Warrant Certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

____
(Transferee)

____
(Address)

____
(Social Insurance Number)

__________________________ of the Warrants registered in the name of the undersigned transferor represented by the Warrant Certificate and hereby irrevocably appoints ____ the attorney of the undersigned to transfer such Warrants on the books or register of transfer of the Warrant Agent with full power of substitution.

The undersigned hereby certifies that the Warrants are being sold, assigned or transferred in accordance with applicable securities laws covering any such transaction.

DATED this ______ day of ______________, 20____

Signature of the Warrantholder

guaranteed by:

____
Signature of Warrantholder

____
Print Name of Warrantholder

____
Print name of authorized signatory if Warrantholder is not an individual

____
____
Address and telephone number of Warrantholder

NOTES:

(1) The signature to this transfer must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Canadian Schedule I chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

(2) If this transfer form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Warrant Certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

(3) Warrants shall only be transferable in accordance with the Indenture between Sphere 3D Corporation (the "**Corporation**") and Equity Financial Trust Company (the "**Warrant Agent**") dated as of June 5, 2014, applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Warrant Certificate bears a legend restricting the transfer of the Warrants except pursuant to an exemption from registration under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and applicable state securities laws, and the Warrants are to be transferred outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend demonstrating compliance with an exemption or exclusion from the registration requirements of the U.S. Securities Act, together with such other documents or instruments as the Corporation or the Warrant Agent may require, which may include an opinion of counsel of recognized standing, reasonably satisfactory to the Corporation, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

SCHEDULE "B"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Sphere 3D Corporation

AND TO: The registrar and transfer agent for the securities of Sphere 3D Corporation

The undersigned (A) acknowledges that the sale of the securities of Sphere 3D Corporation (the "**Corporation**") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**") and (B) certifies that (1) the undersigned is not an "affiliate" of the Corporation as that term is defined in Rule 405 under the U.S. Securities Act, a "distributor" or an affiliate of "distributor", (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States or (b) the transaction was executed on or through the facilities of a "designated offshore securities market" (as defined in Rule 902 of Regulation S under the U.S. Securities Act) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged or will engage in any "directed selling efforts" in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing-off" the resale restrictions imposed because the securities are "restricted securities" as that term is described in Rule 144(a)(3) under the U.S. Securities Act, (5) the seller does not intend to replace such securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms set forth above in quotation marks have the meanings given to them by Regulation S under the U.S. Securities Act.

The undersigned in making this Declaration acknowledges that the Corporation is relying on the contents hereof and hereby agrees to indemnify and hold harmless the Corporation for any and all liability, losses, claims and demands in any way related to the subject matter of this Declaration.

DATED at ________________________ this day of ________________, 20__.

By: ________________________

Name:
Title:

AFFIRMATION BY SELLER'S BROKER-DEALER (REQUIRED FOR SALES IN ACCORDANCE WITH SECTION (B)(2)(B) ABOVE)

We have read the foregoing representations of our customer, ___________________________ (the "**Seller**") dated _________________________, with regard to our sale, for such Seller's account, of the securities of the Corporation described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of the TSX Venture Exchange or another "designated offshore securities market", (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (D) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

____
Name of Firm

____
Authorized officer

Date: _____________________

SPHERE 3D CORPORATION

- and -

EQUITY FINANCIAL TRUST COMPANY

SPECIAL WARRANT INDENTURE

Dated as of June 5, 2014

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SCHEDULES

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SPECIAL WARRANT INDENTURE

THIS SPECIAL WARRANT INDENTURE is dated as of the 5th day of June, 2014,

B E T W E E N:

SPHERE 3D CORPORATION, a corporation existing under the laws of the Province of Ontario

(hereinafter referred to as "**Corporation**")

- and -

EQUITY FINANCIAL TRUST COMPANY, a trust company existing under the laws of Canada and registered to carry on business in the Province of Ontario

(hereinafter referred to as the "**Special Warrant Agent**")

WHEREAS pursuant to the terms of an underwriting agreement dated the date hereof between the Corporation and the Underwriters, the Corporation proposes to create, issue and sell up to 1,352,975 Special Warrants on a private placement basis and the Underwriters have agreed to purchase, or arrange substituted purchasers to purchase, such Special Warrants from the Corporation;

AND WHEREAS each Special Warrant will entitle the holder thereof to receive, subject to adjustment in certain circumstances and the Penalty Provision, for no additional consideration one Unit;

AND WHEREAS each Special Warrant is exercisable by the holder thereof at any time on or after the date hereof until 4:59 p.m. (Toronto time) on the earlier of (the "**Special Warrant Deemed Exercise Date**") (i) the third Business Day following the Qualification Date, and (ii) October 6, 2014;

AND WHERAS to the extent any such Special Warrants have not been exercised by the holder thereof on or before the Special Warrant Deemed Exercise Date, all such Special Warrants shall be deemed to have been exercised on behalf of, and without any required action on the part of, the holders thereof on the Special Warrant Deemed Exercise Date;

AND WHEREAS if the Qualification Date has not occurred on or before the Penalty Deadline, each outstanding Special Warrant will thereafter entitle the holder thereof to receipt upon exercise or deemed exercise, for no additional consideration, 1.05 Units (in lieu of one Unit) comprised of 1.05 Common Shares and 0.525 Warrants (the "**Penalty Provision**");

AND WHEREAS the Corporation is authorized under the laws applicable to it to create and issue the Special Warrants;

AND WHEREAS all things necessary have been or will be done and performed by the Corporation to make each of the Special Warrants and the Special Warrant Certificates, if and when countersigned by the Special Warrant Agent and issued in accordance with the provisions of this Indenture, legal, valid and binding obligations of the Corporation with the benefits and subject to the provisions of this Indenture;

AND WHEREAS the Special Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Special Warrants issued pursuant to this Indenture from time to time;

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

NOW THEREFORE THIS INDENTURE WITNESSETH that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 <u>Definitions</u>

In this Indenture, unless there is something in the subject matter or context inconsistent therewith, the following phrases and words have the respective meanings indicated opposite them as follows:

"**Applicable Legislation**" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of agents and of issuers under warrant indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

"**Beneficial Owner**" means a person that has a beneficial interest in a Special Warrant that is represented by a Global Special Warrant;

"**Book-Based System**" means the book-based securities transfer system administered by CDS in accordance with its operating rules and procedures in force from time to time;

"**Business Day**" means a day which is not a Saturday, Sunday, or civic or statutory holiday in the City of Toronto, Ontario or a day on which the principal chartered banks located in Toronto, Ontario are closed for business;

"**Canadian Offering Jurisdictions**" means each of the Provinces of Ontario, British Columbia and Alberta;

"**Capital Reorganization**" has the meaning ascribed thereto in subsection 2.13(a)(iv);

"**CDS**" means CDS Clearing and Depository Services Inc. and its successors in interest;

"**Common Share Reorganization**" has the meaning ascribed to such term in subsection 2.13(a)(i);

"**Common Shares**" means the fully paid and non-assessable common shares in the capital of the Corporation;

"**Corporation**" means Sphere 3D Corporation, a corporation organized and existing under the laws of the Province of Ontario;

"**Corporation's Auditors**" means the chartered accountant or firm of chartered accountants duly appointed as auditor or auditors of the Corporation from time to time;

"**Counsel**" means a barrister or solicitor or a firm of barristers or solicitors (who may be counsel for the Corporation) acceptable to the Special Warrant Agent, acting reasonably;

"**Current Market Price**" of the Common Shares at any date means the price per share equal to the volume weighted average trading price at which the Common Shares have traded on the TSXV or, if the Common Shares are not then listed on the TSXV, on such other Canadian or U.S. stock exchange as may be selected by the directors for such purpose or, if the Common Shares are not then listed on any Canadian or U.S. stock exchange, in the over-the-counter market, during the period of any 20 consecutive trading days ending not more than 5 Business Days before such date; provided that the weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian or U.S. stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors;

"**director**" means a member of the board of directors of the Corporation for the time being, and unless otherwise specified herein, reference to

"**action by the directors**" means action by the directors of the Corporation as a board or, whenever duly empowered, action by a committee of such board;

"**Dividends Paid in the Ordinary Course**" means such dividends (payable in cash or securities, property or assets of equivalent value) paid on the Common Shares in any fiscal year of the Corporation to the extent that such dividends in the aggregate do not exceed in amount or value the greatest of:

(a) 25% of the aggregate amount or value of the dividends paid by the Corporation on its Common Shares in the 12 consecutive months ended immediately prior to the first day of such fiscal year;

(b) 50% of the consolidated net earnings of the Corporation before extraordinary items and after dividends paid on any and all special shares of the Corporation for the period of 12 consecutive months ended immediately prior to the first day of such fiscal year (such consolidated net earnings to be shown in the audited financial statements of the Corporation for such 12 month period, or if there are no audited financial statements in respect of such period, computed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently completed audited consolidated financial statements of the Corporation); and

(c) 25% of the Shareholder's Equity,

and for such purpose the value of any dividends paid in other than cash or securities shall be the fair market value of such dividend as determined in good faith by the directors;

"**Effective Date**" means the date hereof;

"**Exchange Basis**" means, at any time, the number of Common Shares and Warrants underlying the Units or other classes of shares or securities which a Special Warrantholder is entitled to receive upon the exercise or deemed exercise of the rights attached to each whole Special Warrant pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof (including, for certainty, any adjustment pursuant to the Penalty Provision), such number being equal to one Common Share and one-half of one Warrant per Special Warrant as of the date hereof;

"**Exercise Date**" with respect to any Special Warrant means the date on which such Special Warrant is surrendered or deemed surrendered to the Special Warrant Agent for exercise in accordance with the provisions of Article 3;

"**Extraordinary Resolution**" means, in respect of a matter to be considered by Special Warrantholders, (i) a resolution passed by the affirmative vote of Special Warrantholders representing not less than 66-2/3% of the aggregate number of all the then outstanding Special Warrants represented and voting on a poll at a meeting of Special Warrantholders duly convened and held in accordance with the provisions of this Indenture, or (ii) an instrument or instruments in writing signed by Special Warrantholders representing not less than 66-2/3% of the aggregate number of all the then outstanding Special Warrants;

“**Global Special Warrant**” means a Special Warrant that is issued to and registered in the name of and deposited with CDS or its nominee pursuant to Section 2.6 hereof;

“**NI 44-101**” means National Instrument 44-101 – *Short Form Prospectus Distributions*;

“**Participant**” means a person recognized by CDS as a participant in the book entry only securities registration and transfer system administered by CDS;

“**Penalty Deadline**” means July 31, 2014;

“**Penalty Provision**” has the meaning ascribed thereto in the Recitals;

“**Penalty Securities**” has the meaning ascribed thereto in Section 2.2(c);

“**person**” includes an individual, a corporation, a partnership, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

“**Qualification Date**” means the date on which a final receipt is issued by the Ontario Securities Commission, on behalf of the securities regulatory authorities in each of the Canadian Offering Jurisdictions, for the filing of a (final) short form prospectus pursuant to NI 44-101 qualifying for distribution the Common Shares and Warrants underlying the Units (including, for greater certainty, the Penalty Securities, if any) to be issued upon the exercise or the deemed exercise of the Special Warrants;

“**Regulation S**” means Regulation S under the U.S. Securities Act;

“**Rights Offering**” has the meaning ascribed thereto in subsection Section 2.13(a)(ii);

“**Rights Offering Price**” has the meaning ascribed thereto in subsection Section 2.14(b);

“**Securities Laws**” means, collectively, the applicable securities laws of each of the provinces of Canada, and the respective regulations made and forms prescribed thereunder together with all applicable published rules, policy statements, notices and blanket orders and rulings of the securities commissions or similar regulatory authorities in each of the provinces of Canada,

“**Shareholder**” means a holder of record of one or more Common Shares or any other class or series of shares of the Corporation;

“**Shareholder’s Equity**” means the aggregate of share capital, retained earnings and any and all surplus accounts and reserves as evidenced on the audited financial statements of the Corporation for the most recently ended fiscal year;

“**Special Distribution**” has the meaning ascribed thereto in subsection Section 2.13(a)(iii);

“**Special Warrant Agent**” means Equity Financial Trust Company, a trust company existing under the laws of Canada and registered to carry on business in the Province of Ontario, or any lawful successor thereto, including through the operation of Section 8.11;

“**Special Warrant Certificate**” means the certificate representing the Special Warrants substantially in the form attached as Schedule “A” hereto or such other form as may be approved by the Corporation and the Special Warrant Agent;

“**Special Warrant Deemed Exercise Date**” has the meaning ascribed thereto in the Recitals;

“**Special Warrantholders**” or “**holders**” mean the persons whose names are entered for the time being in the register maintained pursuant to subsection 2.10(a);

“**Special Warrantholders’ Request**” means an instrument, signed in one or more counterparts by Special Warrantholders representing, in the aggregate, at least 25% of the aggregate number of Special Warrants then outstanding, which requests the Special Warrant Agent to take some action or proceeding specified therein;

“**Special Warrants**” means the special warrants of the Corporation issued hereunder entitling the holder thereof to acquire Units, comprised of Common Shares and Warrants, on the basis of one Common Share and one-half of one Warrant for each Special Warrant for no addition consideration at any time on or after the date hereof until the Special Warrant Deemed Exercise Date; provided that in each case the number and/or class of shares or securities issuable on the exercise or deemed exercise of the Special Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof;

“**Subsidiary**” means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Corporation or by one or more subsidiaries of the Corporation and, as used in this definition, “voting shares” means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

“**successor company**” has the meaning ascribed to that term in Section 7.2;

“**this Indenture**”, “**herein**”, “**hereby**”, and similar expressions mean and refer to this Indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions “**Article**”, “**Section**”, “**subsection**” and “**clause**” followed by a number mean and refer to the specified Article, Section, subsection or clause of this Indenture;

“**Time of Expiry**” means 4:59 p.m. (Toronto time) on the Special Warrant Deemed Exercise Date;

“**trading day**” means a day on which the TSXV (or such other exchange on which the Common Shares are listed and which forms the primary trading market for such shares) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

“**Transfer Agent**” means the transfer agent or agents for the time being for the Common Shares;

“**TSXV**” means the TSX Venture Exchange;

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

“**Underwriters**” means, collectively, Cormark Securities Inc., Jacob Securities Inc. and Paradigm Capital Inc.;

“**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“**Units**” means units of the Corporation, with each Unit being comprised of one Common Share and one-half of one Warrant;

"**U.S. Person**" means a "U.S. person" as that term is defined in Rule 902(k) of Regulation S;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended;

"**Warrant Agent**" means Equity Financial Trust Company, as warrant agent, under that certain warrant indenture dated as of the date hereof between the Corporation and Equity Financial Trust Company;

"**Warrant Shares**" means the Common Shares or other securities or property issuable upon the exercise of the Warrants;

"**Warrants**" means the transferrable Common Share purchase warrants of the Corporation issued under the warrant indenture dated as of the date hereof between the Corporation and Equity Financial Trust Company, as warrant agent, entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each whole Warrant upon payment of the applicable exercise price on the exercise date; provided that in each case the number and/or class of shares or securities issuable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions thereof; and

"**Written Direction of the Corporation**", "**Written Request of the Corporation**", "**Written Consent of the Corporation**" and "**Certificate of the Corporation**" and any other document required to be signed by the Corporation, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Corporation by any officer or director and may consist of one or more instruments so executed.

Section 1.2 Number and Gender

Unless elsewhere otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

Section 1.3 Interpretation Not Affected by Headings

The division of this Indenture into Articles, Sections, subsections and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

Section 1.4 Day Not a Business Day

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

Section 1.5 Time of the Essence

Time shall be of the essence in all respects in this Indenture, the Special Warrants and the Special Warrant Certificates.

Section 1.6 Applicable Law

This Indenture, the Special Warrants and the Special Warrant Certificates shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

Section 1.7 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars.

Section 1.8 Statutory References

A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

Section 1.9 Determining the Number of Outstanding Special Warrants

Every Special Warrant represented by a Special Warrant Certificate or Uncertificated Special Warrant certified or authenticated and delivered by the Special Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Special Warrant Agent for cancellation or until the Time of Expiry; provided that where a new Special Warrant Certificate has been issued pursuant to Section 2.8 to replace one which is lost, mutilated, stolen or destroyed, the Special Warrants represented by only one of such Special Warrant Certificates shall be counted for the purpose of determining the aggregate number of Special Warrants outstanding.

Section 1.10 Severability

In the event that any provision of this Indenture is determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision of this Indenture, all of which shall remain in full force and effect.

Section 1.11 Language

The parties hereto have required that this Indenture and all documents and notices related thereto or resulting therefrom be drawn up in the English language. *Les parties ont expressément demandé que la présente convention ainsi que tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement*.

ARTICLE 2
ISSUE OF SPECIAL WARRANTS

Section 2.1 Issue of Special Warrants

A total of up to 1,352,975 Special Warrants entitling the registered holders thereof to acquire (subject to adjustment as provided in this Indenture) an aggregate of up to 1,352,975 Units, comprised of 1,352,975 Common Shares and 676,487 Warrants, are hereby created and authorized to be issued hereunder upon the terms and conditions herein set forth at a price of $8.50 per Special Warrant. Subject to the provisions hereof, the Special Warrants created and issued hereunder are limited in the aggregate to 1,352,975 Special Warrants, provided that the number of Common Shares and Warrants underlying the Units to be issued upon exercise or deemed exercise of the Special Warrants is subject to increase or decrease so as to give effect to the adjustments required by Section 2.2(c), Section 2.13 and Section 2.14.

Section 2.2 Form and Term of Special Warrants

(a) Form of Certificate: Upon the issue of Special Warrants in certificated form, Special Warrant Certificates shall be executed by the Corporation and, in accordance with a Written Direction of the Corporation, certified by or on behalf of the Special Warrant Agent and delivered by the Corporation in accordance with Section 2.4 and Section 2.5. The Special Warrant Certificates shall be substantially in the form attached as Schedule "A" hereto, subject to the provisions of this Indenture, with such variations and changes as may from time to time be agreed upon by the Special Warrant Agent and the Corporation, and shall be dated as of the Effective Date (regardless of their actual dates of issue), and shall have such distinguishing letters and numbers as the Corporation may, with the approval of the Special Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Special Warrants shall, save as to denominations, be of like tenor and effect. The Special Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Corporation may determine. No change in the form of the Special Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities which may be acquired pursuant to the Special Warrants.

(b) Issue of Uncertificated Special Warrants: Notwithstanding any other provision herein, the Special Warrants (with the exception of any Special Warrants issued in the United States or to, or for the account or benefit of, a U.S. Person or a person within the United States) may also be issued as Uncertificated Special Warrants. All Uncertificated Special Warrants issued to CDS or its nominee shall be evidenced by a book entry position on the register of Special Warrantholders to be maintained by the Special Warrant Agent in accordance with Section 2.10(a).

(c) Term: Each Special Warrant authorized to be issued hereunder shall, for no additional consideration, be exercisable by the registered holder thereof at any time after the Effective Date until, and all unexercised Special Warrants will be deemed to be exercised with no further action on the part of the registered holder at, the Time of Expiry. If the Qualification Date occurs on or prior to the Penalty Deadline (or the holder has voluntarily exercised the Special Warrants on or prior to the Penalty Deadline), each outstanding Special Warrant will be automatically exercised on the third Business Day following the Qualification Date (or on the applicable Exercise Date) into one Unit, comprised of one Common Share and one-half of one Warrant, or such other kind and amount of shares or securities or property calculated pursuant to the provisions of Section 2.13 and Section 2.14, as applicable. If the Qualification Date has not occurred on or prior to the Penalty Deadline, each outstanding Special Warrant as at the Penalty Deadline will be automatically exercised at the Time of Expiry (or on the applicable Exercise Date if the holder voluntarily exercises the Special Warrants after the Penalty Deadline and prior to the Time of Expiry) into 1.05 Units (in lieu of one Unit), comprised of 1.05 Common Shares and 0.525 Warrants (the additional 0.05 Common Shares and 0.025 Warrants collectively being referred to as the "**Penalty Securities**"), or such other kind and amount of shares or securities or property calculated pursuant to the provisions of Section 2.13 and Section 2.14, as applicable.

(d) Underlying Securities: Until the earlier of the Qualification Date and October 6, 2014, the Common Shares and Warrants underlying the Units issued upon the exercise of the Special Warrants (and any Warrant Shares issuable upon the exercise of the Warrants) will be subject to applicable hold periods pursuant to applicable Securities Laws.

(e) No Fractional Special Warrants: Fractional Special Warrants shall not be issued or otherwise provided for. If any fraction of a Special Warrant would otherwise be issuable, the number of Special Warrants so issued shall be rounded down to the nearest whole Special Warrant without compensation therefor.

(f) Private Placement Legend: All Special Warrant Certificates and Uncertificated Special Warrants (and any Common Shares and Warrants underlying the Units issued upon exercise of such Special Warrants prior to the earlier of the Qualification Date and October 6, 2014), and all certificates (if any) issued in exchange or in substitution thereof or upon transfer thereof, shall bear or be deemed to bear the following legend until such time as the same is no longer required under applicable Securities Laws:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 6, 2014."

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF) MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL OCTOBER 6, 2014."

Section 2.3 U.S. Restrictive Legend

(a) No Registration: The Special Warrant Agent understands and acknowledges that the Special Warrants and the Common Shares and Warrants underlying the Units issuable upon the exercise or deemed exercise of the Special Warrants have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and the Special Warrants may not be exercised in the United States or by or on behalf of a person in the United States or a U.S. Person unless an exemption from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states of the United States is available.

(b) Restrictive Transfer Legend: Each Special Warrant Certificate originally issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person, all Common Shares and Warrants underlying the Units issuable upon the exercise or deemed exercise of such Special Warrants, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY [AND IF SPECIAL WARRANTS OR WARRANTS, THE FOLLOWING SHALL BE ADDED: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided that, if any Special Warrants or Common Shares and Warrants underlying the Units issuable upon the exercise or deemed exercise of Special Warrants are being sold in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Rule 902(e) of Regulation S at the time of sale, the foregoing legend may be removed by providing to the Special Warrant Agent, the Transfer Agent or the Warrant Agent, as the case may be, (i) a declaration in the form attached hereto as Schedule "B" (or as the Corporation may prescribe from time to time) and (ii) if required by the Corporation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the U.S. Securities Act; and

provided further that, if any Special Warrants or Common Shares and Warrants underlying the Units issuable upon the exercise or deemed exercise of Special Warrants are being sold under Rule 144, the legend may be removed by delivering to the Special Warrant Agent, the Transfer Agent or the Warrant Agent, as the case may be, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, that the legend is no longer required under applicable requirements of the U.S. Securities Act and state securities laws.

(c) Restrictive Exercise Legend: Each Special Warrant Certificate originally issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear or be deemed to bear the following legends:

> "THESE SPECIAL WARRANTS AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS IS AVAILABLE. THE TERMS "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT." "IF THE SPECIAL WARRANTS ARE REPRESENTED BY A GLOBAL SPECIAL WARRANT, UPON EXERCISE THEREOF, THE HOLDER WILL BE DEEMED TO REPRESENT, WARRANT AND CERTIFY, AT THE TIME OF EXERCISE OF THE SPECIAL WARRANTS, THAT THE HOLDER IS NOT IN THE UNITED STATES, IS NOT A "U.S. PERSON" AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND IS NOT EXERCISING THE SPECIAL WARRANTS FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES, WAS NOT OFFERED AND DID NOT ACQUIRE THE SPECIAL WARRANTS IN THE UNITED STATES, AND DID NOT EXECUTE OR DELIVER THE SUBSCRIPTION FORM IN THE UNITED STATES. IF THE HOLDER CANNOT MAKE THESE REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS, THE SPECIAL WARRANTS MUST BE WITHDRAWN FROM THE GLOBAL SPECIAL WARRANT AND ISSUED IN FULLY REGISTERED FORM."

(d) Issue of Certificate Without Legend: The Special Warrant Agent shall, upon receipt of an executed declaration in the form of Schedule "B" for removal of legend indicated above in Section 2.3(b) and any additional documentation required by the Corporation or the Special Warrant Agent, issue a new Special Warrant Certificate without the legend set forth in Section 2.3(b) within 3 Business Days of receipt of approval by the Corporation to do so.

(e) Special Warrant Agent to Maintain List: The Special Warrant Agent shall maintain a list of all registered holders of Special Warrants, including holders of Special Warrant Certificates bearing the legends set forth in this Section 2.3.

(f) United States Transfer Restrictions: The Special Warrants may not be transferred to a U.S. Person or to a person in the United States or to or for the account or benefit of a U.S. Person or a person in the United States unless the Corporation consents in writing (such consent not to be unreasonably withheld or delayed) and, if requested by the Corporation, the transferor has delivered to the Corporation a written opinion of counsel reasonably satisfactory to the Corporation stating such transfer would comply with the provisions of applicable securities laws.

Section 2.4 Signing of Special Warrant Certificates

The Special Warrant Certificates shall be signed by any one of the directors or officers of the Corporation and may, but need not, be under the corporate seal of the Corporation or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile and Special Warrant Certificates bearing such facsimile signatures shall be binding upon the Corporation as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or facsimile signature appears on any Special Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Special Warrant Certificate or at the date of certification or delivery thereof, any Special Warrant Certificate signed as aforesaid shall, subject to Section 2.5, be valid and binding upon the Corporation and the registered holder thereof will be entitled to the benefits of this Indenture.

Section 2.5 Certification and Authentication by the Special Warrant Agent

(a) Certification: No Special Warrant Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefit hereof or thereof until it has been certified by manual signature by or on behalf of the Special Warrant Agent, upon receipt of a Written Direction of the Corporation, and such certification by the Special Warrant Agent upon any Special Warrant Certificate shall be conclusive evidence as against the Corporation that the Special Warrant Certificate so certified has been duly issued hereunder and the holder is entitled to the benefits hereof.

(b) Certification No Representation: The certification of the Special Warrant Agent on the Special Warrant Certificates issued hereunder shall not be construed as a representation or warranty by the Special Warrant Agent as to the validity of this Indenture or the Special Warrants (except the due certification thereof) and the Special Warrant Agent shall in no respect be liable or answerable for the use made of the Special Warrants or any of them or of the consideration therefor except as otherwise specified herein.

(c) Authentication of Uncertificated Special Warrants: No Uncertificated Special Warrant shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefit hereof or thereof, until it has been, upon receipt of a Written Direction of the Corporation, authenticated by entry on the register maintained by the Special Warrant Agent pursuant to paragraph 2.10(a)(i) hereof of the particulars of such Special Warrant. Such entry on the register maintained by the Special Warrant Agent pursuant to subsection 2.10(a) hereof of the particulars of an Uncertificated Special Warrant shall be conclusive evidence that such Special Warrant is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

(d) No Representation: The authentication of the Special Warrant Agent with respect to Uncertificated Special Warrants issued hereunder shall not be construed as a representation or warranty by the Special Warrant Agent as to the validity of this Indenture or the Special Warrants (except the due authentication thereof) and the Special Warrant Agent shall in no respect be liable or answerable for the use made of the Special Warrants or any of them or of the consideration therefor except as otherwise specified herein.

Section 2.6 Issue of Global Special Warrant

(a) Issue of Global Special Warrant: With the exception of any Special Warrants issued to persons not participating in the Book-Based System or issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person, which shall be represented by individual Special Warrant Certificates, the Corporation may, at its sole option, specify, in a Written Direction of the Corporation delivered to the Special Warrant Agent, that some or all of the Special Warrants are to be represented by one or more Global Special Warrants registered in the name of CDS or its nominee, and in such event the Special Warrant Agent shall authenticate and deliver one or more Global Special Warrants in accordance with subsection 2.5(c) that shall:

(i) represent the aggregate number of outstanding Special Warrants to be represented by such Global Special Warrant(s);

(ii) if certificated, bear a legend substantially to the following effect:

> "UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO SPHERE 3D CORPORATION (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD TRANSFER OR DEAL WITH THIS CERTIFICATE."

and

(iii) be delivered by the Special Warrant Agent to CDS or pursuant to CDS' instructions.

(b) Transfer of Beneficial Ownership: Transfers of beneficial ownership in any Special Warrant represented by a Global Special Warrant will be effected only (i) with respect to the interest of a Participant, through records maintained by CDS or its nominee for such Global Special Warrant, and (ii) with respect to the interest of any person other than a Participant, through records maintained by Participants. Beneficial Owners who are not Participants but who desire to sell or otherwise transfer ownership of or any other interest in Special Warrants represented by such Global Special Warrant may do so only through a Participant.

(c) Limitation of Rights: The rights of Beneficial Owners shall be limited to those established by applicable law and agreements between CDS and the Participants, and between such Participants and Beneficial Owners, and must be exercised through a Participant in accordance with the rules and procedures of CDS.

(d) No Certificate: Subject to Section 2.6(e), neither the Corporation nor the Special Warrant Agent shall be under any obligation to deliver to any Participant or Beneficial Owner, nor shall any Participant or Beneficial Owner have any right to require the delivery of, a certificate or other instrument evidencing any interest in Special Warrants.

(e) Termination of Book-Based System: If any Special Warrant is represented by a Global Special Warrant and any of the following events occurs:

(i) CDS or the Corporation has notified the Special Warrant Agent that (1) CDS is unwilling or unable to continue as depository or (2) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Corporation is unable to locate a qualified successor depository within 90 days of delivery of such notice;

(ii) the Corporation has determined, in its sole discretion, to terminate the Book-Based System in respect of such Global Special Warrant and has communicated such determination to the Special Warrant Agent in writing;

(iii) the Corporation or CDS is required by applicable law to take the action contemplated in this Section 2.6(e);

(iv) the Book-Based System administered by CDS ceases to exist; or

(v) any such Special Warrant is to be exercised in the United States or by or on behalf of a person in the United States or a U.S. Person,

then one or more definitive fully registered Special Warrant Certificates shall be executed by the Corporation and certified and delivered by the Special Warrant Agent to CDS in exchange for the Global Special Warrant(s), or the applicable portion thereof, held by CDS.

(f) Issuance of Certificate: Fully-registered Special Warrant Certificates issued and exchanged pursuant to subsection 2.6(e) shall be registered in such names and in such denominations as CDS shall instruct the Special Warrant Agent, provided that the aggregate number of Special Warrants represented by such Special Warrant Certificates shall be equal to the aggregate number of Special Warrants represented by the Global Special Warrant(s) so exchanged. Upon exchange of a Global Special Warrant, or the applicable portion thereof, for one or more Special Warrant Certificates in definitive form, such Global Special Warrant, or the applicable portion thereof, shall be cancelled by the Special Warrant Agent.

(g) Corporation and Special Warrant Agent Not Liable: Notwithstanding anything herein or in the terms of any Global Special Warrant to the contrary, neither the Corporation nor the Special Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(i) the records maintained by CDS relating to any ownership interests or any other interests in the Special Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Special Warrant represented by any Global Special Warrant (other than CDS or its nominee);

(ii) maintaining, supervising or reviewing any records of CDS or any Participant relating to any such interest; or

(iii) any advice or representation made or given by CDS or a Participant that relates to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any Participant.

(h) Reliance by Special Warrant Agent: For the purposes of any provision of this Indenture requiring or permitting actions with the consent of, or the direction of, Special Warrantholders evidencing a specified percentage of Special Warrants then outstanding, the Special Warrant Agent is entitled to act and rely upon the instructions of CDS that it has received instructions, directly or indirectly through its respective Participants, to such effect from such Beneficial Owners owning or representing, respectively, the requisite percentage of Special Warrants.

Section 2.7 Special Warrantholder Not a Shareholder

The holding of a Special Warrant shall not be construed as conferring upon a Special Warrantholder any right or interest whatsoever as a Shareholder, nor entitle the holder to any right or interest in respect thereof except as herein and in the Special Warrants expressly provided.

Section 2.8 Issue in Substitution for Lost Special Warrant Certificates

(a) Issue of New Special Warrant Certificate: In the event that any Special Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law, and Section 2.8(b), shall issue, and thereupon the Special Warrant Agent shall certify and deliver, a new Special Warrant Certificate of like date and tenor, and bearing the same legends, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Special Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Special Warrant Certificate, and the substituted Special Warrant Certificate shall be in a form approved by the Special Warrant Agent and shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Special Warrant Certificates issued or to be issued hereunder.

(b) Cost of Substitution: The applicant for the issue of a new Special Warrant Certificate pursuant to this Section 2.8 shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Special Warrant Agent the mutilated Special Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Special Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Special Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Special Warrant Agent in their discretion, acting reasonably, and such applicant may also be required to furnish an indemnity and security in the form of a surety bond in amount and form satisfactory to the Corporation and the Special Warrant Agent in their discretion, acting reasonably, and shall pay the reasonable charges of the Corporation and the Special Warrant Agent in connection therewith.

Section 2.9 Special Warrants to Rank *Pari Passu*

All Special Warrants shall have the same attributes and rank *pari passu*, whatever may be the actual date of issue of the Special Warrant Certificates evidencing them or the actual date of authentication of the Uncertificated Special Warrants.

Section 2.10 Registration and Transfer of Special Warrants

(a) Register: The Corporation will cause to be kept by the Special Warrant Agent at its principal office in the City of Toronto, Ontario:

(i) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Special Warrants and particulars of the Special Warrants held by them; and

(ii) a register of transfers in which all transfers of Special Warrants and the date and other particulars of each such transfer shall be entered.

(b) Transfer: Other than in the case of Special Warrants represented by a Global Special Warrant and governed by the Book-Based System, no transfer of any Special Warrant will be valid unless entered on the register of transfers referred to in Section 2.10(a), upon surrender to the Special Warrant Agent of the Special Warrant Certificate evidencing such Special Warrant, and a duly completed and executed transfer form endorsed on the Special Warrant Certificate executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution reasonably satisfactory to the Special Warrant Agent, and, upon compliance with such requirements and such other reasonable requirements as the Special Warrant Agent may prescribe, such transfer will be recorded on the register of transfers by the Special Warrant Agent.

(c) Register of Transfer: The transferee of any Special Warrant will, after surrender to the Special Warrant Agent of the Special Warrant Certificate (if any) evidencing such Special Warrant as required by subsection 2.10(b) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the registers of holders referred to in subsection 2.10(a), as the owner of such Special Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Special Warrant, except in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

(d) Refusal of Registration: The Corporation will be entitled, and may direct the Special Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Special Warrant on the registers referred to in subsection 2.10(a), if such transfer would constitute a violation of the Securities Laws of any jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Special Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Corporation. No duty shall rest with the Special Warrant Agent to determine compliance of the transferee or transferor of any Special Warrant with applicable Securities Laws.

(e) No Notice of Trusts: Subject to applicable law, neither the Corporation nor the Special Warrant Agent will be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Special Warrant, and may transfer any Special Warrant on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

(f) Inspection: The registers referred to in subsection 2.10(a) hereof, and any branch register maintained pursuant to subsection 2.10(g) hereof, shall be open at all reasonable times during business hours on a Business Day for inspection by the Corporation, the Special Warrant Agent or any Special Warrantholder. The Special Warrant Agent shall, from time to time when requested to do so in writing by the Corporation, furnish the Corporation with a list of the names and addresses of holders of Special Warrants entered in the register of holders kept by the Special Warrant Agent and showing the number of Special Warrants held by each such holder.

(g) Location of Registers: The Corporation may at any time and from time to time change the place at which the registers referred to in subsection 2.10(a) hereof are kept, cause branch registers of holders to be kept, in each case subject to the approval of the Special Warrant Agent, at other places and close such branch registers or change the place at which such branch registers are kept. Notice of all such changes or closures shall be given by the Corporation to the Special Warrant Agent and to the holders of Special Warrants in accordance with Article 9 hereof.

(h) Reliance by Special Warrant Agent: The Special Warrant Agent shall have no obligation to ensure or verify compliance with any Applicable Legislation or regulatory requirements on the issue, exercise or transfer of any Special Warrants or any Common Shares and Warrants underlying the Units or other securities issued upon the exercise of any Special Warrants. The Special Warrant Agent shall be entitled to process all transfers and exercises of Special Warrants upon the presumption that such transfers or exercises are permissible pursuant to all Applicable Legislation and regulatory requirements and the terms of the Indenture and the related Special Warrant Certificates in the absence of *prima facie* evidence to the contrary. The Special Warrant Agent may assume for the purposes of this Indenture that the address on the register of Special Warrantholders of any Special Warrantholder is the actual address of such Special Warrantholder and is also determinative of the residency of such Special Warrantholder and that the address of any transferee to whom any Special Warrants or Common Shares and Warrants underlying the Units or other securities issuable upon the exercise of any Special Warrants are to be registered, as shown on the transfer document, is the actual address of the transferee and is also determinative of the residency of the transferee.

Section 2.11 Exchange of Special Warrant Certificates

(a) Exchange: Special Warrant Certificates may, upon compliance with the reasonable requirements of the Special Warrant Agent, be exchanged for Special Warrant Certificates in any other authorized denomination representing in the aggregate the same number of Special Warrants. The Corporation shall sign and the Special Warrant Agent shall certify, in accordance with Section 2.4 and Section 2.5, all Special Warrant Certificates necessary to carry out the exchanges contemplated herein.

(b) Place of Exchange: Special Warrant Certificates may be exchanged only at the principal office of the Special Warrant Agent in the City of Toronto, Ontario, or at any other place that is designated by the Corporation with the approval of the Special Warrant Agent. Any Special Warrant Certificates tendered for exchange shall be surrendered to the Special Warrant Agent and cancelled.

(c) Charges for Exchange: Except as otherwise herein provided, the Special Warrant Agent may charge Special Warrantholders requesting an exchange a reasonable sum for each Special Warrant Certificate issued; and payment of such charges and reimbursement of the Special Warrant Agent or the Corporation for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

Section 2.12 Ownership of Special Warrants

The Corporation and the Special Warrant Agent and their respective agents may deem and treat the registered holder of any Special Warrant Certificate as the absolute owner of the Special Warrant represented thereby for all purposes and the Corporation and the Special Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Special Warrant shall be entitled to the rights evidenced by that Special Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any holder of the Common Shares and Warrants underlying the Units or any other securities or monies obtainable pursuant to the exercise of the Special Warrant shall be a good discharge to the Corporation and the Special Warrant Agent for the same and neither the Corporation nor the Special Warrant Agent shall be bound to inquire into the title of any holder.

Section 2.13 Adjustment of Exchange Basis

(a) Adjustment of Exchange Basis: In this Section 2.13, the terms “record date” and “effective date” where used herein shall mean the close of business on the relevant date. Subject to Section 2.14, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided as follows (subject to the prior consent of the TSXV, if necessary):

(i) Stock Dividend, Distribution of Common Shares, Subdivision or Consolidation: If and whenever at any time after the Effective Date and prior to the Time of Expiry the Corporation shall:

(A) fix a record date for the issue of, or issue, Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than as a Dividend Paid in the Ordinary Course or a distribution of Warrant Shares upon exercise of the Warrants or pursuant to the exercise of directors, officers or employee stock options granted under stock option plans of the Corporation); or;

(B) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares; or

(C) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (A), (B) or (C) being called a "**Common Share Reorganization**"), then the Exchange Basis shall be adjusted, effective immediately after the earlier of the record date at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization and the effective date of the Common Share Reorganization, by multiplying the Exchange Basis in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

(D) the numerator of which shall be the 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 such securities been exchanged for or converted into Common Shares on such date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on such record date or effective date, as the case may be, on the basis upon which they first become convertible or exchangeable); and

(E) the denominator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. To the extent that any adjustment in the Exchange Basis occurs pursuant to this subsection 2.13(a) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion or exchange rights are not fully exercised, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(ii) Issue of Rights, Options or Warrants: If and whenever, at any time after the Effective Date and prior to the Time of Expiry, the Corporation shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a "**Rights Offering**"), then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(A) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, options or warrants under the Rights Offering and assuming the exchange or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(B) the denominator of which shall be the aggregate of:

(1) the number of Common Shares outstanding as of the record date for the Rights Offering; and

(2) a number determined by dividing

(x) the amount equal to the aggregate consideration payable on the exercise of all of the rights, warrants and options under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, warrants or options (assuming the exercise of all rights, warrants and options under the Rights Offering and assuming the exchange or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, warrants and options);

by

(y) the Current Market Price of the Common Shares as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted in accordance with this Article 2. Any Common Shares owned by or held for the account of the Corporation or any of its Subsidiaries or a partnership in which the Corporation is directly or indirectly a party to will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(iii) Special Distribution: If and whenever at any time after the Effective Date and prior to the Time of Expiry the Corporation shall fix a record date for the issue or distribution to all or substantially all the holders of the Common Shares of:

(A) shares of the Corporation of any class other than Common Shares;

(B) rights, options or warrants (other than rights, options or warrants issued pursuant to a Rights Offering) to acquire Common Shares or securities exchangeable for or convertible into Common Shares or property or other assets or the Corporation;

(C) evidences of indebtedness; or

(D) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Dividends Paid in the Ordinary Course, a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exchange Basis shall be adjusted effective immediately after the record date for the Special Distribution by multiplying the Exchange Basis in effect on such record date by a fraction:

(E) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date, and

(F) the denominator of which shall be:

(1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, less

(2) the fair market value, as determined by action by the board of directors of the Corporation, acting reasonably and in good faith (whose determination shall be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or other assets issued or distributed in the Special Distribution,

provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date. The resulting product, adjusted to the nearest l/l00th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2.

(iv) Reclassification of Common Shares, Consolidation, Amalgamation or Merger: If and whenever, at any time after the Effective Date and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding or change or exchange of the Common Shares into other shares or into other securities (other than a Common Share Reorganization), or a consolidation, amalgamation, plan of arrangement or merger resulting in the combination of the Corporation with or into any other corporation or other entity (other than a consolidation, amalgamation, plan of arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a "**Capital Reorganization**"), any Special Warrantholder who thereafter shall exercise his right to receive Common Shares and Warrants underlying the Units pursuant to Special Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Common Shares and Warrants to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Special Warrantholder had been the registered holder of the number of Common Shares and Warrants to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 2 with respect to the rights and interests thereafter of Special Warrantholders to the end that the provisions set forth in this Article 2 shall thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Special Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors and by the Special Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(b) Adjustments Prior to Effective Date: Notwithstanding any other provisions hereof, in the event that, at any time prior to the Effective Date, there shall have occurred one or more events which, if any Special Warrant was or had been outstanding, would require an adjustment or adjustments thereto or to the Exchange Basis in accordance with the provisions hereof, then, notwithstanding anything to the contrary herein and notwithstanding that no Special Warrants may be or have been outstanding at the applicable time under this Indenture, at the time of the issue of Special Warrants hereunder the same adjustment or adjustments in accordance with the adjustment provisions hereof shall be made to such Special Warrants, *mutatis mutandis*, as if such Special Warrants were and had been outstanding and governed by the provisions hereof upon the occurrence of such event or events.

Section 2.14 Rules Regarding Calculation of Adjustment of Exchange Basis

(a) Successive Adjustment: The adjustments provided for in Section 2.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to therein shall occur, subject to the following subsections of this Section 2.14.

(b) Rights Offering Price: If the purchase price provided for in any Rights Offering (the "**Rights Offering Price**") is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to subsection 2.13(a)(ii) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of Section 2.13.

(c) Minimum Adjustment: No adjustment in the Exchange Basis shall be required to be made unless the cumulative effect of such adjustment or adjustments would change the Exchange Basis by at least one-one hundredth of a Common Share or Warrant provided, however, that any adjustments which, except for the provisions of this subsection would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment, and provided further that in no event shall the Corporation be obligated to issue fractional Common Shares or Warrants upon the exercise of Special Warrants.

(d) *Mutatis Mutandis* Adjustment: No adjustment in the Exchange Basis shall be made in respect of any event described in subsection 2.13(a), other than the events referred to in paragraphs 2.13(a)(i)(B) and 2.13(a)(i)(C), if Special Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if Special Warrantholders had exercised their Special Warrants prior to or on the effective date or record date, as the case may be, of such event.

(e) No Adjustment for Certain Events: No adjustment in the Exchange Basis shall be made pursuant to Section 2.13 in respect of the issue from time to time of Common Shares and Warrants underlying the Units issuable on exercise of the Special Warrants or in respect of the issue from time to time of Dividends Paid in the Ordinary Course to holders of Common Shares who exercise an option or election to receive substantially equivalent dividends in Common Shares in lieu of receiving a cash dividend or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers, employees or consultants of the Corporation and/or any Subsidiary of the Corporation, and any such issue shall be deemed not to be an Common Share Reorganization, a Rights Offering nor any other event described in Section 2.13 hereof.

(f) Disputes: If a dispute shall at any time arise with respect to adjustments provided for in Section 2.13, such dispute shall, absent manifest error, be conclusively determined by the Corporation's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Corporation, the Special Warrant Agent and the Special Warrantholders. The Corporation shall ensure the Corporation's Auditors are given full access to all necessary records as they may require.

(g) Abandonment of Event: If the Corporation shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such Shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(h) Deemed Record Date: In the absence of a resolution of the directors fixing a record date for a Common Share Reorganization, a Rights Offering or a Special Distribution, the Corporation shall be deemed to have fixed as the record date therefor the earlier of the date on which holders of record of Common Shares are determined for the purpose of participating in the Common Share Reorganization, Rights Offering or Special Distribution and the date on which the Common Share Reorganization, Rights Offering or Special Distribution becomes effective.

(i) Corporate Affairs: As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Special Warrants, including the Exchange Basis, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Special Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(j) Other Actions: In case the Corporation, after the date hereof, shall take any action affecting any Common Shares, other than action described in Section 2.13, which in the opinion of the board of directors acting reasonably and in good faith would materially affect the rights of Special Warrantholders, the Exchange Basis shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances. Failure of the taking of action by the directors so as to provide for an adjustment in the Exchange Basis prior to the effective date of any action by the Corporation affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances, in the absence of bad faith, negligence, manifest error or willful misconduct on the part of the directors.

(k) Reliance by Special Warrant Agent: The Special Warrant Agent shall be entitled to rely on any adjustment calculations prepared by the Corporation or the Corporation's Auditors.

Section 2.15 Postponement of Subscription

In any case where the application of Section 2.13 results in an increase in the number of Common Shares and Warrants underlying the Units that are issuable upon exercise of the Special Warrants taking effect immediately after the record date for a specific event, if any Special Warrant is exercised after that record date and prior to completion of such specific event, the Corporation may postpone the issuance to the Special Warrantholder of the Common Shares and Warrants underlying the Units to which he is entitled by reason of such adjustment, but such Common Shares and Warrants shall be so issued and delivered to that holder upon completion of that event, with the number of such Common Shares and Warrants calculated on the basis of the number of Common Shares and Warrants underlying the Units on the date that the Special Warrant was exercised, adjusted for completion of that event and the Corporation shall deliver to the person or persons in whose name or names the Common Shares and Warrants underlying the Units are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Common Shares and Warrants and the right to receive any dividends or other distributions which, but for the provisions of this Section 2.15, such person or persons would have been entitled to receive in respect of the Common Shares comprising such Units from and after the date that the Special Warrant was exercised in respect thereof.

Section 2.16 Notice of Adjustment

(a) Notice of Effective or Record Date: At least 10 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to Section 2.13, the Corporation shall:

(i) file with the Special Warrant Agent a Certificate of the Corporation specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment; and

(ii) give notice to the Special Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(b) Adjustment Not Determinable: In case any adjustment for which a notice in subsection 2.16(a) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable:

(i) file with the Special Warrant Agent a Certificate of the Corporation confirming the required adjustment with a computation of such adjustment; and

(ii) give notice to the Special Warrantholders of the adjustment.

(c) Reliance by Special Warrant Agent: The Special Warrant Agent may, absent manifest error, rely upon certificates and other documents filed by the Corporation pursuant to this section for all purposes of the adjustment.

Section 2.17 No Action after Notice

The Corporation covenants with the Special Warrant Agent that it will not take any other corporate action which might deprive a Special Warrantholder of the opportunity of exercising the rights of acquisition under the Special Warrants during the period of 10 days after the giving of the notice set forth in subsections 2.16(a)(ii) and 2.16(b)(ii) .

Section 2.18 Optional Purchases by the Corporation

Subject to applicable law, the Corporation may from time to time purchase Special Warrants on any stock exchange (if then listed), in the open market, by private agreement or otherwise. Any such purchase shall be made in such manner, from such persons, at such prices and on such other terms as the Corporation in its sole discretion may determine. The Special Warrant Certificates representing the Special Warrants purchased pursuant to this Section 2.18 shall be forthwith delivered to and cancelled by the Special Warrant Agent and shall not be reissued.

Section 2.19 Protection of Special Warrant Agent

Subject to Article 8, the Special Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered Special Warrantholder to determine whether any facts exist which may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Common Shares and Warrants underlying the Units which may at any time be issued or delivered upon the exercise of the Special Warrants;

(c) be responsible for any failure of the Corporation to issue, transfer or deliver the Common Shares and Warrants underlying the Units or certificates evidencing the same upon surrender of the Special Warrants for the purpose of exercising the rights or to comply with the provisions or covenants contained in this Article 2; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the representations, warranties or covenants of the Corporation or any acts or deeds of the agents or servants of the Corporation.

Section 2.20 Cancellation of Special Warrant Certificates

All Special Warrant Certificates surrendered to the Special Warrant Agent pursuant to Section 2.8, subsection 2.10(b), Section 2.11, Section 2.18 or Section 3.1 shall be cancelled by the Special Warrant Agent and the Special Warrant Agent shall record the cancellation of such Special Warrant Certificates on the register of holders maintained by the Special Warrant Agent pursuant to subsection 2.10(a) . The Special Warrant Agent shall, if required by the Corporation, furnish the Corporation with a certificate identifying the Special Warrant Certificates so cancelled. All Special Warrants represented by Special Warrant Certificates which have been duly cancelled shall be without further force or effect whatsoever.

ARTICLE3
EXERCISE OF SPECIAL WARRANTS

Section 3.1 Method of Voluntary Exercise of Special Warrants

(a) Exercise by Registered Holder: Subject to subsections 3.1(b) and 3.1(d), the registered holder of any Special Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Units to which such Special Warrant entitles the holder, by surrendering the Special Warrant Certificate representing such Special Warrants to the Special Warrant Agent at any time on or before the Time of Expiry at its principal office in the City of Toronto, Ontario (or at such additional place or places as may be decided by the Corporation from time to time with the approval of the Special Warrant Agent), with a duly completed and executed exercise form of the registered holder or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner reasonably satisfactory to the Special Warrant Agent, substantially in the form of exercise attached to the form of Special Warrant Certificate set out in Schedule “A” for the number of Units subscribed for. A Special Warrant Certificate with the duly completed and executed exercise form shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Special Warrant Agent.

(b) Exercise by Beneficial Owner: A Beneficial Owner of Uncertificated Special Warrants who desires to exercise his or her Special Warrants must do so by causing a Participant to deliver to CDS on behalf of the entitlement holder, notice of the owner’s intention to exercise Special Warrants in a manner acceptable to CDS. Forthwith upon receipt by CDS of such notice, CDS shall deliver to the Special Warrant Agent confirmation of its intention to exercise Special Warrants (a “**Confirmation**”) in a manner acceptable to the Special Warrant Agent, including by electronic means through the book based registration system. Notwithstanding anything to the contrary herein, by causing a Participant to deliver to CDS a notice of the Beneficial Owner’s intention to exercise Special Warrants, the Beneficial Owner shall be deemed to have represented, warranted and certified that at the time of exercise of the Special Warrants that it (a) is not in the United States, (b) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a Person in the United States, (c) was not offered and did not acquire such Special Warrants in the United States, and (d) did not execute or deliver the notice of the Beneficial Owner’s intention to exercise such Special Warrants in the United States, and the Special Warrant Agent and the Corporation shall be entitled to rely on such representations, warranties and certifications. If the Beneficial Owner or Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Special Warrants, then such Special Warrants shall be withdrawn from the book based registration system by the Participant and an individually registered Special Warrant Certificate shall be issued by the Special Warrant Agent to such Beneficial Owner or Participant and the exercise procedures set forth in subsection 3.1(a) shall be followed.

(c) Delivery of Notice for Uncertificated Special Warrants: A notice in form acceptable to the Participant (together with a written confirmation substantially the same as the Confirmation) should be provided to the Participant sufficiently in advance so as to permit the Participant to deliver notice to CDS and for CDS in turn to deliver notice and payment to the Special Warrant Agent prior to the Time of Expiry. CDS will initiate the exercise by way of the Confirmation and the Special Warrant Agent will execute the exercise by issuing to CDS through the book based registration system the Common Shares and Warrants underlying the Units to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the Beneficial Owner exercising the Special Warrants and/or the Participant exercising the Special Warrants on its behalf.

(d) Exercise Notice Completion: Any exercise form referred to in subsection 3.1(a) shall be signed by the Special Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner reasonably satisfactory to the Special Warrant Agent, shall specify the person(s) in whose name such Common Shares and Warrants underlying the Units are to be issued, the address(es) of such person(s) and the number of Common Shares and Warrants underlying the Units to be issued to each person, if more than one is so specified. If any of the Common Shares or Warrants underlying the Units subscribed for are to be issued to (a) person(s) other than the Special Warrantholder, the signatures set out in the exercise form referred to in subsection 3.1(a) shall be guaranteed by a Canadian Schedule 1 chartered bank or a medallion signature guaranteed from a member of a recognized Signature Medallion Guarantee Program and the Special Warrantholder shall pay to the Corporation or the Special Warrant Agent all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver the Common Shares and Warrants underlying the Units unless or until such Special Warrantholder shall have paid to the Corporation or the Special Warrant Agent on behalf of the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

Section 3.2 Deemed Exercise of Special Warrants

(a) Any unexercised Special Warrants shall be exercised on behalf of a Special Warrantholder by the Special Warrant Agent, without further action on the part of such Special Warrantholder, at the Time of Expiry. If the Special Warrants are represented by Global Special Warrants, following such exercise, the Special Warrants will be exchanged for Common Shares and Warrants, subject to adjustment as provided for herein, without further action by the Beneficial Owner.

(b) As soon as practicable following the exercise of the Special Warrants pursuant to Section 3.2(a), the Special Warrant Agent shall forward a notice from the Corporation to each Special Warrantholder notifying them that such Special Warrants have been automatically exercised and that the holders thereof have acquired the Common Shares and Warrants underlying the Units into which such Special Warrants were exercisable and shall be entered in the relevant register(s) of the holders of Common Shares and Warrants, in each case, effective as at 5:00 p.m. (Toronto time) on the Special Warrant Deemed Exercise Date, and shall receive certificates or other evidence of ownership for the Common Shares and Warrants to which such holders have become entitled.

(c) All Special Warrant Certificates representing Special Warrants exercised pursuant to Section 3.2(a) shall be deemed to be cancelled without further force or effect.

Section 3.3 No Fractional Common Shares or Warrants

Under no circumstances shall the Corporation be obliged to issue any fractional Common Shares or Warrants comprising the Units or any cash or other consideration in lieu thereof upon the exercise of one or more Special Warrants. To the extent that the holder of one or more Special Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Common Share or a fraction of a Warrant comprising such Unit, that holder may exercise that right in respect of the fraction only in combination with another Special Warrant or Special Warrants that in the aggregate entitle the holder to acquire a whole number of Common Shares and a whole number of Warrants forming part of the Units.

Section 3.4 Partial Exercise of Special Warrants

In the event that any Special Warrant shall be exercised in part only, the holder thereof, upon surrender of such Special Warrant in accordance with the provisions of Section 3.1, shall be entitled to receive, subject to subsection 2.2(e), without expense to such holder, one or more new Special Warrant Certificates for the unexercised part of the Special Warrants so surrendered.

Section 3.5 Disbursement of Monies

The Special Warrant Agent will disburse monies to the Corporation according to this Indenture only to the extent that monies have been deposited with it.

Section 3.6 Effect of Exercise of Special Warrants

(a) Effect of Exercise: Upon compliance by the Special Warrantholder with the provisions of Section 3.1, the Common Shares and Warrants underlying the Units subscribed for shall be deemed to have been issued and the person to whom such Common Shares and Warrants are to be issued shall be deemed to have become the holder of record of such Common Shares and Warrants on the Exercise Date unless the transfer registers of the Corporation for the Common Shares and Warrants shall be closed on such date, in which case the Common Shares and Warrants underlying the Units subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Common Shares and Warrants on the date on which such transfer registers are reopened.

(b) Accounting to Corporation: The Special Warrant Agent shall as soon as practicable account to the Transfer Agent and the Corporation with respect to Special Warrants exercised. All such monies, and any securities or other instruments, from time to time received by the Special Warrant Agent shall be received as agent for, and shall be segregated and kept apart by the Special Warrant Agent as agent for, the Corporation. Within 5 Business Days of receipt thereof the Special Warrant Agent shall forward to the Corporation (or to an account or accounts of the Corporation with a bank or trust company designated in writing by the Corporation for that purpose) all monies received through the exercise of Special Warrants pursuant to Article 3 hereof.

(c) Record of Exercise: The Special Warrant Agent shall record the particulars of the Special Warrants exercised for Units, which particulars shall include the names and addresses of the persons who become holders of Common Shares and Warrants underlying such Units, if any, on exercise, the number of Common Shares and Warrants underlying the Units issued and the Exercise Date. Within 5 Business Days of each Exercise Date, the Special Warrant Agent shall provide such particulars in writing to the Corporation and the Transfer Agent and the Warrant Agent.

(d) Issue of Certificates or Other Evidence of Ownership: As soon as practicable, and in any event within 3 Business Days following the due exercise of a Special Warrant pursuant to Section 3.1, the Corporation shall cause the Transfer Agent and the Warrant Agent to mail to the person in whose name the Common Shares and Warrants underlying the Units so subscribed for are to be issued, as specified in the applicable exercise form, at the address specified in such exercise form, a certificate or certificates or other evidence of ownership representing the Common Shares and Warrants underlying the Units to which the Special Warrantholder is entitled and, if applicable, shall cause the Special Warrant Agent to mail a Special Warrant Certificate or other evidence of ownership representing any Special Warrants not then exercised.

(e) Private Placement Legend: If applicable, the Common Shares and Warrants underlying the Units and any certificates representing the Common Shares and Warrants underlying the Units issued upon exercise of Special Warrants shall bear the legend provided in Section 2.2(f).

(f) U.S. Legend: The certificates representing the Common Shares and Warrants underlying the Units issued upon the exercise of Special Warrants in the United States or by or on behalf of a person in the United States or a U.S. Person shall bear the following legend until such time as the same is no longer required under applicable requirements of the U.S. Securities Act and all applicable state securities laws:

> "THE SECURITIES REPRESENTED HEREBY [AND IF A AWARRANT, THE FOLLOWING SHALL BE ADDED: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided that, if the Common Shares and Warrants underlying the Units are being sold in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Rule 902(e) of Regulation S at the time of sale, the foregoing legend may be removed by providing to the Transfer Agent or the Warrant Agent, as the case may be (i) a declaration in the form attached hereto as Schedule "B" (or as the Corporation may prescribe from time to time) and (ii) if required by the Corporation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the U.S. Securities Act; and provided, further, that, if any Common Shares and Warrants underlying the Units are being sold under Rule 144 under the U.S. Securities Act, the legend may be removed by delivering to the Transfer Agent or the Warrant Agent, as the case may be, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation that the legend is no longer required under applicable requirements of the U.S. Securities Act and state securities laws.

ARTICLE 4
COVENANTS OF THE COMPANY

Section 4.1 General Covenants

The Corporation covenants with the Special Warrant Agent for the benefit of the Special Warrant Agent and the Special Warrantholders that so long as any Special Warrants remain outstanding:

(a) it will at all times maintain its corporate existence, will carry on and conduct its business in a proper, efficient and business-like manner and in accordance with good business practice and will cause to be kept proper books of account in accordance with generally accepted accounting practices;

(b) it will use commercially reasonable efforts to ensure that all Common Shares outstanding or issuable from time to time (including for certainty the Common Shares underlying the Units issuable upon exercise of the Special Warrants and the Warrant Shares issuable upon exercise of the Warrants) are listed on the TSXV (or such other stock exchange acceptable to the Corporation) for a period of three years following the Effective Date, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the U.S., or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of TSXV (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(c) it will use commercially reasonable efforts to maintain its status as a reporting issuer not in default in each of the Provinces of Canada in which the Corporation is, as at the date hereof, a reporting issuer for a period of three years following the Effective Date, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a “reporting issuer” so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or U.S., or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the TSXV (or such other applicable stock exchange upon which it Common Shares are listed or quoted);

(d) it will cause certificates or other evidence of ownership representing the Common Shares and Warrants underlying the Units issuable upon exercise of the Special Warrants, if any, from time to time subscribed for pursuant to the exercise of Special Warrants to be issued and delivered in accordance with the terms hereof;

(e) all Common Shares underlying the Units which are issued upon exercise or upon deemed exercise of the right to subscribe for and purchase provided for herein shall be fully paid and non- assessable shares;

(f) it will reserve and conditionally allot and keep available a sufficient number of Common Shares for the purpose of enabling the Corporation to satisfy its obligations to issue Common Shares underlying the Units issuable upon the exercise of the Special Warrants, and all Special Warrants shall, when countersigned or authenticated and registered as provided herein, be valid and enforceable against the Corporation;

(g) subject to Section 2.16, it will give to the Special Warrant Agent notice of its intention to fix a record date, or effective date, as the case may be, for any event referred to in Section 2.13 hereof which may give rise to an adjustment in the Exchange Basis and, in each case, such notice shall specify the particulars of such event and the record date, or the effective date, for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given, and such notice shall be given in each case not less than 10 days prior to the applicable record date or effective date, as the case may be;

(h) it will not close its transfer books nor take any other action which might deprive a Special Warrantholder of the opportunity of exercising the right of purchase pursuant to the Special Warrants held by such person during the period of 10 days after the giving of a notice required by this Section 4.1 or unduly restrict such opportunity;

(i) if the Corporation is a party to any transaction in which the Corporation is not the continuing corporation, it shall use commercially reasonable efforts to obtain all consents which may be necessary or appropriate under Canadian law to enable the continuing corporation to give effect to the Special Warrants;

(j) subject to Section 4.2, it shall prepare and file, in accordance with applicable securities law, any documents required by applicable securities laws to be filed forthwith relating to the distribution of Common Shares and Warrants underlying the Units to Special Warrantholders upon the exercise of such Special Warrants;

(k) it shall use its best efforts to qualify the distribution of the Common Shares and Warrants underlying the Units (including, for greater certainty, the Penalty Securities, if any) issuable upon the exercise or deemed exercise of the Special Warrants in the Canadian Offering Jurisdictions to holders of the Special Warrants and use its best efforts to file a preliminary short form prospectus in each of the Canadian Offering Jurisdictions as soon as possible following the date hereof and shall use its best efforts to satisfy all comments with respect to such preliminary short form prospectus, prepare and file a (final) short form prospectus under applicable Canadian securities laws, obtain a receipt for the such (final) short form prospectus from each of the Canadian Offering Jurisdictions, and take all other steps and proceedings that may be necessary to be taken by the Corporation in order to qualify the Common Shares and Warrants underlying the Units issuable upon the exercise or deemed exercise of the Special Warrants for distribution in each of the Canadian Offering Jurisdictions under applicable Canadian securities laws, as soon as practicable following the date hereof and, in any event, prior to the Penalty Deadline;

(l) it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all other acts, deeds and assurances as the Special Warrant Agent may reasonably require to give effect to the provisions of this Indenture;

(m) it will promptly notify the Special Warrant Agent and the Special Warrantholders in writing of any material default under the terms of this Indenture which remains unrectified for more than 10 Business Days following its occurrence;

(n) it will give notices to the Special Warrantholders and the Special Warrant Agent in accordance with Section 9.1, Section 9.2 and Section 9.3, as applicable; and

(o) it will use commercially reasonable efforts to perform all of its covenants and carry out all the acts or things to be done by it as provided in this Indenture.

Section 4.2 <u>Securities Qualification Requirements</u>

(a) If, in the opinion of Counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities administrator, regulatory agency or governmental authority or any other step is required under any federal or provincial law of Canada before the Common Shares and Warrants underlying the Units may be issued or delivered to a Special Warrantholder, the Corporation covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

(b) The Special Warrant Agent will provide the Corporation with all such information as the Corporation requires for the purpose of giving written notice of the issue of Common Shares and Warrants underlying the Units pursuant to the exercise of Special Warrants, in such detail as may be required, to each securities regulatory agency or government authority in Canada in each jurisdiction in which there is legislation requiring the giving of any such notice.

Section 4.3 <u>Notice of Qualification to Special Warrant Agent</u>

Upon obtaining the receipt for the (final) short form prospectus as contemplated in Section 4.1(k), the Corporation shall forthwith, and in any event not later than two Business Days thereafter give written notice to the Special Warrant Agent and the Underwriters of the issuance of such receipt and the date upon which the Special Warrants will be deemed to be exercised, which shall be 3 Business Days after the Qualification Date.

Section 4.4 <u>Contractual Right of Rescission</u>

(a) In the event that a holder of Special Warrants acquires Common Shares or Warrants underlying the Units issued upon the exercise of the Special Warrants and is or becomes entitled under Canadian Securities Laws to the remedy of rescission by reason of the (final) short form prospectus to be filed by the Corporation, as contemplated in Section 4.1(k), or any amendment thereto containing a misrepresentation, such holder will be entitled to rescission with respect to both the exercise of the Special Warrants and the private placement transaction under which the Special Warrants were initially acquired, and will be entitled in connection with such rescission to a full refund from the Corporation of the amount of the aggregate subscription price paid by the original purchaser in respect of the Special Warrants. The provisions hereof are a direct contractual right extended by the Corporation alone (but specifically not by the directors, officers or agents of the Corporation or by the Underwriters) to the original purchaser of Special Warrants, permitted assignees of the Special Warrants and to holders of the Common Shares or Warrants underlying the Units acquired by such holders on exercise of the Special Warrants, and are in addition to any other right or remedy available to a holder of the Special Warrant under section 130 of the *Securities Act* (Ontario), and equivalent provisions of the securities legislation of any province or territory in which such holder resides or otherwise at law.

(b) The Corporation agrees that the benefit of the covenant contained in Section 4.4(a) will be deemed to have passed with any permitted assignment or transfer of the Special Warrants in accordance with the terms hereof and the Corporation agrees to explicitly extend the benefit of such covenant to any permitted assignee or transferee of the Special Warrants as if it were the original purchaser.

(c) The contractual rights of action for rescission provided for in this Section 4.4 shall be subject to the defences, limitations and other provisions described under section 130(1) of the *Securities Act* (Ontario) and the securities legislation of any jurisdiction in which any original purchaser of the Special Warrants resides, each of which is incorporated herein by reference. No action may be commenced to enforce the foregoing rights of action for rescission more than 180 days after payment is made for the Special Warrants.

Section 4.5 Special Warrant Agent's Remuneration and Expenses

The Corporation covenants that it will pay to the Special Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Special Warrant Agent upon its request for all reasonable expenses and disbursements of the Special Warrant Agent in the administration or execution of the duties and obligations hereby created, provided that the Special Warrant Agent shall receive prior written approval (which, for any reasonable expenses, such written approval shall not be unreasonably withheld) for any expense in excess of $1,000 that it intends to incur in connection with the services it provides to the Corporation pursuant to this Indenture (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Special Warrant Agent hereunder shall be finally and fully performed, except any such expense or disbursement in connection with or related to or required to be made as a result of the gross negligence, wilful misconduct, bad faith or fraud of the Special Warrant Agent. The Special Warrant Agent shall have no obligation to take any action under this Indenture so long as any payment is due to the Special Warrant Agent for any reasonable fees, expenses and disbursements. Any amount owing under this Section 4.5 and unpaid 30 days after request for such payment will bear interest from the expiration of such 30 days at a rate per annum equal to the then current rate charged by the Special Warrant Agent, payable on demand.

Section 4.6 Performance of Covenants by Special Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Indenture and the Corporation has not rectified such failure within 25 Business Days after receiving written notice in accordance with Article 9 from the Special Warrant Agent of such failure, the Special Warrant Agent may notify the Special Warrantholders in accordance with Article 9 of such failure on the part of the Corporation or may itself perform any of such covenants capable of being performed by it, but shall be under no obligation to perform such covenants or to notify the Special Warrantholders of such performance by it. All reasonable sums expended or disbursed by the Special Warrant Agent in so doing shall be repayable as provided in Section 4.5. No such performance, expenditure or disbursement, by the Special Warrant Agent shall be deemed to relieve the Corporation of any default hereunder or of its continuing obligations under the covenants in this Indenture.

ARTICLE 5
ENFORCEMENT

Section 5.1 Suits by Special Warrantholders

All or any of the rights conferred upon a Special Warrantholder by the terms of the Special Warrants held by and/or this Indenture may be enforced by such Special Warrantholder by appropriate legal proceedings, but without prejudice to the rights which are hereby conferred upon the Special Warrant Agent to proceed in its own name or on behalf of the Special Warrantholders to enforce each and every provision herein contained for the benefit of the Special Warrantholders, and subject to the provisions of Section 5.2, Section 5.3 and Section 8.1. The Special Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Special Warrantholders.

Section 5.2 Immunity of Shareholders

Subject to applicable law, the Special Warrant Agent and, by acceptance of the Special Warrant Certificate or the Uncertificated Special Warrants and as part of the consideration for the issue of the Special Warrants, the Special Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any person in its capacity as an incorporator or any past, present or future Shareholder, director, officer, employee or agent of the Corporation for the creation and issue of the shares pursuant to any Special Warrant or any covenant, agreement, representation or warranty by the Corporation herein or contained in the Special Warrant Certificates.

Section 5.3 Limitation of Liability

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

ARTICLE 6
MEETINGS OF SPECIAL WARRANTHOLDERS

Section 6.1 Conduct of Meetings

Meetings of Special Warrantholders shall be convened held and conducted in the following manner:

(a) Calling of Meetings: At any time and from time to time the Special Warrant Agent or the Corporation may, and the Special Warrant Agent shall on receipt of a Special Warrantholders' Request, and, upon being indemnified to its reasonable satisfaction and furnished with sufficient funds for all reasonable costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Special Warrantholders. If, within 15 Business Days after receipt of such Written Request of the Corporation or Special Warrantholders' Request, the Special Warrant Agent fails to convene a meeting after being duly required by the Corporation or the Special Warrantholders as set out above, the Corporation or such Special Warrantholders, as the case may be, may convene such meeting and the notice calling such meeting may be signed by such person as the Corporation or such Special Warrantholders may specify.

(b) Place of Meeting: Every meeting of the Special Warrantholders will be held in the City of Toronto, Ontario, or such other place that is approved or determined by the Special Warrant Agent and the Corporation, as hereinafter provided.

(c) Notice of Meetings: Notice of any meeting of the Special Warrantholders shall be given to the Special Warrantholders, to the Special Warrant Agent (unless the meeting has been called by the Special Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation), which notice must be mailed or delivered in accordance with this Article 6 and Section 9.1 and Section 9.2 at least 10 days prior to the date of such meeting. Such notice shall state the time when, and the place where, the meeting is to be held and shall specify in general terms the nature of the business to be transacted thereat, but it shall not be necessary to specify in the notice the text of the resolutions to be passed. A copy of all notices shall be delivered to the Special Warrant Agent, unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The accidental omission to give such notice to or the non-receipt of any such notice by a Special Warrantholder shall not invalidate any resolution passed at such meeting.

(d) Quorum: At any meeting of the Special Warrantholders, subject as herein provided, a quorum shall consist of two or more persons present in person holding, either personally or as proxies for holders, not less than 25% of the aggregate number of the then outstanding Special Warrants. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting and the meeting was called by the Special Warrant Agent or the Corporation, the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place and, at such adjourned meeting, a quorum shall consist of the Special Warrantholders then and there represented in person or by proxy and voting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting and the meeting was called by Special Warrantholders, the meeting shall be cancelled.

(e) Chairman: An individual, who need not be a Special Warrantholder, nominated in writing by the Special Warrant Agent, shall be chair of the meeting. If no person is so nominated or if the person so nominated is not present within 15 minutes after the time fixed for the holding of the meeting, the Special Warrantholders and proxies for Special Warrantholders present shall choose a person present, including any one of their number, to be chair of the meeting.

(f) Power to Adjourn: Subject to the provisions of subsection 6.1(d) hereof, the chairman of any meeting at which a quorum of the Special Warrantholders is present may, with the consent of the meeting, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

(g) Voting: Subject to the provisions of Section 6.5, every question submitted to a meeting, except an Extraordinary Resolution and unless otherwise specified in this Indenture, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll and shall be binding on all Special Warrantholders. On a show of hands, every person who is present and entitled to vote, whether as a Special Warrantholder or as a proxy for a Special Warrantholder, or both, shall be entitled to one vote. A poll shall be taken on every Extraordinary Resolution and when requested by a Special Warrantholder or a proxy representing a Special Warrantholder or if directed by the chair. On a poll, each Special Warrantholder shall have one vote for each Special Warrant of which it is the holder. Votes may be given in person or by proxy and a proxy holder need not be a Special Warrantholder. If, at any meeting, a poll is so demanded as set out above on the election of a chair or on a question of adjournment, it shall be taken forthwith. If, at any meeting, a poll is so demanded on any other question or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner, either at once or after an adjournment, as the chair directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Special Warrantholders. The chair of the meeting shall not have a casting vote.

(h) Declaration by Chairman: At any meeting of the Special Warrantholders, in cases where no poll is required or requested, a declaration made by the chair that a resolution has been carried, carried by a particular majority or lost shall be conclusive evidence thereof.

(i) Regulations: The Special Warrant Agent or the Corporation, with the approval of the Special Warrant Agent, may make and from time to time vary such regulations as it shall deem fit providing for and governing the conduct at meetings of Special Warrantholders. Any regulations so made shall be binding and effective and votes given in accordance therewith shall be valid and shall be counted.

Section 6.2 Powers Exercisable by Extraordinary Resolution

(a) Powers Exercisable: A meeting of the Special Warrantholders shall, in addition to any powers hereinbefore given or conferred on them by law, have the following powers, which shall be exercisable from time to time by Extraordinary Resolution, and the Special Warrant Agent shall act in respect of such matters only after receiving approval of such Extraordinary Resolution:

(i) to sanction any change whatsoever in any of the provisions of this Indenture or the Special Warrants and any modification, waiver, abrogation, alteration, compromise or arrangement of the rights of the Special Warrantholders or the Special Warrant Agent (provided that the Special Warrant Agent shall have given its prior written consent thereto) against the Corporation or against its undertaking, property and assets, whether such rights shall arise under this Indenture or the Special Warrants, which is consented to by the Corporation, and to authorize the Special Warrant Agent to concur in and execute any indenture supplemental to this Indenture embodying any such change, modification, waiver, abrogation, alteration, compromise or arrangement;

(ii) to sanction the release of the Corporation from its covenants and obligations hereunder;

(iii) to waive, and to direct the Special Warrant Agent to waive, any default on the part of the Corporation in complying with any of the provisions of this Indenture or the Special Warrants, either unconditionally or upon any conditions specified in such Extraordinary Resolution;

(iv) to sanction any winding up or scheme for the reorganization of the Corporation into or with any other corporation, or for the transferring, selling or leasing of the undertaking, property and assets or any part thereof of the Corporation, where the consent of the Special Warrantholders may be required thereto;

(v) to sanction the exchange of the Special Warrants for, or the exercise of the Special Warrants into, shares, debentures or bonds of any other corporation formed or to be formed;

(vi) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or securities of the Corporation, where the consent of the Special Warrantholders may be required thereto;

(vii) to restrain any holder of Special Warrants from taking or instituting any action or other proceeding for the execution of any trust or power hereunder, or for the appointment of any liquidator or receiver or receiver and manager, for a receiving order under bankruptcy legislation, or to have the Corporation wound up or for any other remedy hereunder, and to require such Special Warrantholder to waive any default by the Corporation on which any action or proceeding is founded, and, in case any action or other proceeding shall have been brought by any Special Warrantholder after the failure of the Special Warrant Agent to act, the power to direct such holder and the Special Warrant Agent to waive the default in respect of which such action or other proceeding shall have been brought upon payment of the costs, charges and expenses incurred in connection therewith, and to stay or discontinue or otherwise deal with any such action or other proceeding;

(viii) to require the Special Warrant Agent, subject to the funding and indemnity obligations under this Indenture, to exercise or refrain from exercising any of the powers, rights or authority conferred upon the Special Warrant Agent under this Indenture;

(ix) to remove the Special Warrant Agent and to appoint a new Special Warrant Agent to take the place of the Special Warrant Agent so removed;

(x) to amend, alter or repeal any Extraordinary Resolution previously passed;

(xi) from time to time to appoint a committee with power and authority, subject to such limitations, if any, as may be prescribed in the resolution, to exercise on behalf of the Special Warrantholders such of the powers of the Special Warrantholders exercisable by Extraordinary Resolution or other resolution as shall be included in such appointment. Such committee shall consist of such number of persons as may be prescribed in the resolution appointing it and the members need not be themselves Special Warrantholders. Every such committee may elect its chair, and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by resolutions signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Special Warrantholders and the Corporation, and the Special Warrant Agent shall be entitled to rely on actions taken by such committee. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(xii) to change the method, structure or procedures for voting or giving consents hereunder, including, without limitation, any change in the percentages required for voting or for consent to the taking of any action or the exercise of any power as provided in this Indenture; and power to take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(b) Powers Cumulative: The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of any one or more of such powers, or any combination of such powers from time to time, shall not be deemed to exhaust the rights of the Special Warrantholders to exercise such power or powers, or combination of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution pursuant to this Section 6.2 shall derogate in any way from any rights of the Corporation under or pursuant to this Indenture.

Section 6.3 Persons Who May Attend

The Corporation and the Special Warrant Agent by their respective officers, directors and employees, and Counsel to the Corporation and the Special Warrant Agent, may attend any meeting of the Special Warrantholders.

Section 6.4 Minutes

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

Section 6.5 Instruments in Writing

Any resolution or instrument signed in one or more counterparts by the holders of not less than the applicable percentage for such meeting or matter of the aggregate number of Special Warrants then outstanding shall have the same force and effect as a resolution duly passed at a meeting of the Special Warrantholders by the affirmative vote of such percentage of the votes cast thereat.

Section 6.6 Binding Effect of Resolutions

All resolutions, including an Extraordinary Resolution, adopted in accordance with the provisions hereof shall be binding upon all Special Warrantholders and upon each and every Special Warrantholder and such Special Warrantholder's respective heirs, executors, administrators, successors and assigns, whether present or absent, whether signatories thereto or not, and each and every Special Warrantholder and the Special Warrant Agent, subject to the provisions for its indemnity herein contained, shall be bound to give effect thereto accordingly. Except as herein expressly provided to the contrary, no action shall be taken at a meeting of the Special Warrantholders which changes any provision of this Indenture or any document pertaining to the subject matter of this Indenture or changes or prejudices the exercise of any right of any Special Warrantholder, except by Extraordinary Resolution and with the prior Written Consent of the Corporation.

Section 6.7 Holdings by the Corporation and Subsidiaries Disregarded

In determining whether Special Warrantholders are present at a meeting of Special Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Special Warrantholders' Request or other action under this Indenture, Special Warrants owned legally or beneficially by the Corporation or its Subsidiaries or in partnership of which the Corporation is directly or indirectly a party to shall be disregarded. The Corporation shall provide, upon the written request of the Special Warrant Agent, a certificate as to the registration particulars of any Special Warrants held by the Corporation.

ARTICLE 7
SUPPLEMENTAL INDENTURES

Section 7.1 Supplemental Indentures

(a) Subject to Article 6, from time to time the Corporation (when authorized by a resolution of the directors of the Corporation) and the Special Warrant Agent may and, subject to the provisions of this Indenture, when so directed by this Indenture, shall execute, acknowledge and deliver, deeds or indentures supplemental hereto, which thereafter shall form part hereof, or do and perform any other acts and things and execute and deliver any other documents, for any one or more of the following purposes:

(i) providing for the issuance of additional Special Warrants hereunder and any consequential amendments hereto as may be required by the Special Warrant Agent, relying on the opinion of Counsel, notwithstanding any provision to the contrary in Article 6 hereof;

(ii) evidencing the succession, or successive successions, of any other person to the Corporation and the assumption by such successor of the covenants and obligations of the Corporation under this Indenture;

(iii) adding to or altering the provisions hereof in respect of the transfer of Special Warrants, making provision for the exchange of Special Warrant Certificates, or making any modification in the form of the Special Warrant Certificates which does not affect the substance thereof;

(iv) modifying any of the provisions of this Indenture or relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that no such modification or relief shall be or become operative or effective in such manner as to impair any of the rights of the Special Warrant Agent or to adversely affect the interests of Special Warrantholders, in the opinion of Counsel, without the approval by Special Warrantholders by Extraordinary Resolution and provided further that the Special Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Special Warrant Agent when the same shall become operative;

(v) implementing the provisions of any resolution of Special Warrantholders;

(vi) adding to the covenants of the Corporation herein contained for the protection of the Special Warrantholders;

(vii) setting forth the adjustments from the application of Article 2;

(viii) making such amendments, deletions or alterations hereto without the consent of the Special Warrantholders that may be considered necessary or desirable by the Corporation and its Counsel to give effect to any applicable law governing the rights and duties of the Special Warrant Agent; and

(ix) for any other purpose not inconsistent with the terms of this Indenture and which the Special Warrant Agent is satisfied, based on the opinion of Counsel, acting reasonably, does not adversely affect the interests of the Special Warrantholders.

(b) The Special Warrant Agent may also, without the consent or concurrence of the Special Warrantholders, by supplemental indenture or otherwise, concur with the Corporation in making any changes or corrections in this Indenture as to which it shall have received advice from Counsel that such changes are non-substantive corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omission or mistake or manifest error contained herein or in any deed or indenture supplemental or ancillary hereto, provided that such change or correction does not, in the opinion of Counsel, adversely affect the interests of the Special Warrantholders.

Section 7.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety, the company (a "**successor company**") resulting from the amalgamation, consolidation, arrangement, merger, business combination or transfer (if not the Corporation) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Corporation and the successor company shall by supplemental indenture satisfactory in form to the Special Warrant Agent and executed and delivered to the Special Warrant Agent, expressly assume those obligations.

ARTICLE 8
CONCERNING THE SPECIAL WARRANT AGENT

Section 8.1 Applicable Legislation

(a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(b) The Corporation and the Special Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefits of Applicable Legislation.

Section 8.2 Rights and Duties of Special Warrant Agent

(a) No Trust: The Special Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Special Warrant Agent shall owe no duties hereunder as a trustee.

(b) Degree of Skill: In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Special Warrant Agent shall act honestly and in good faith with a view to the best interests of the Special Warrantholders and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Special Warrant Agent from, or require any other person to indemnify the Special Warrant Agent against liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(c) Conditions for Action: Subject to subsection 6.1(a), the Special Warrant Agent shall not be bound to do or give any notice or take any act, action or proceeding for the enforcement of any of the obligations of the Corporation under this Indenture unless and until it shall have received a Special Warrantholders' Request specifying the act, action or proceeding which the Special Warrant Agent is requested to take, nor shall the Special Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Special Warrant Agent and, in the absence of any such notice, the Special Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Special Warrant Agent to determine whether or not the Special Warrant Agent shall take action with respect to any default. Subject to the duties and obligations of the Special Warrant Agent under subsection 6.1(a), the obligation of the Special Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Special Warrant Agent or the Special Warrantholders hereunder shall be conditional upon the Special Warrantholders furnishing, when required by notice in writing by the Special Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Special Warrant Agent and its Counsel to protect and hold harmless the Special Warrant Agent and its officers, directors, employees and agents against the costs, charges and expenses and liabilities to be incurred thereby and any loss or damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Special Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any its duties or in the exercise of any rights or powers hereunder unless it is indemnified as contemplated by Section 8.10.

(d) Deposit of Special Warrant Certificates: The Special Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Special Warrantholders at whose instance it is acting to deposit with the Special Warrant Agent the Special Warrant Certificates held by them, for which Special Warrant Certificates the Special Warrant Agent shall issue deposit receipts.

(e) Entitlement Not to Act: Notwithstanding the foregoing provisions of this Section 8.1, the Special Warrant Agent shall be entitled at any time and from time to time to do or give any notice or take any act, action or proceeding to preserve and protect its interests or the interests of the Special Warrantholders under this Indenture as it reasonably deems necessary in the circumstances.

(f) Reliance by Special Warrant Agent: No duty shall rest with the Special Warrant Agent to determine compliance of the transferor or transferee with applicable securities laws. The Special Warrant Agent shall be entitled to assume, in the absence of evidence to the contrary, that all transfers are being made in accordance with applicable securities laws.

Section 8.3 Evidence, Experts and Advisers

(a) Additional Evidence: In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Special Warrant Agent such additional evidence of compliance with any provision hereof in such form as may be prescribed by applicable laws, or as the Special Warrant Agent may reasonably require by written notice to the Corporation.

(b) Entitlement to Rely on Evidence: In the exercise of its rights, duties and obligations, the Special Warrant Agent may, if it is acting in good faith, rely, as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or other requirement of this Indenture or required by the Special Warrant Agent to be furnished to it in the exercise of its rights and duties under this Indenture, where such statutory declarations, opinions, reports or certificates comply with the requirements of this Indenture and the Special Warrant Agent examines such evidence and determines that such evidence indicates compliance with the applicable requirements of this Indenture.

(c) Proof of Execution: Proof of execution of an instrument in writing, including a Special Warrantholders' Request, by any Special Warrantholder may be made by the certificate of a notary public, or other officer with similar powers, that such person signing such instrument acknowledged to the Special Warrantholder the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Special Warrant Agent may consider adequate and in respect of a corporate Special Warrantholder, shall include a certificate of incumbency of such Special Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(d) Use of Counsel: Subject to the provisions of Section 4.5, the Special Warrant Agent may employ such Counsel, agents and other experts as it may reasonably require for the proper discharge of its duties under this Indenture.

(e) Reliance on Counsel and Other Advisors: The Special Warrant Agent may, in relation to this Indenture, rely and act on the opinion, advice or information obtained from any Counsel, auditor, valuator, engineer, surveyor or other expert, whether obtained by the Special Warrant Agent or by the Corporation, and may employ such experts as may be necessary for the proper discharge of its duties or in the event of any questions as to any of the provisions hereof, and shall not be responsible for any negligent actions or misconduct of such experts. The cost of such services shall be added to and be part of the Special Warrant Agent's remuneration hereunder.

Section 8.4 Limitation of Special Warrant Agent's Duties

(a) The Special Warrant Agent shall have no duties except those which are expressly set forth herein and shall not be bound by any notice of a claim or demand with respect to, or any waiver, modification, amendment, termination or rescission of, this Indenture, unless received by it in writing and signed by the Corporation.

(b) In the event of any disagreement arising regarding the terms of this Indenture, the Special Warrant Agent shall be entitled, at its option, to refuse to comply with any or all demands whatsoever until the dispute is settled, either by agreement amongst the various parties or by a court of competent jurisdiction.

(c) The Special Warrant Agent shall not be liable for, or by reason of, any statements of fact or recitals in this Indenture or the Special Warrant Certificates, except the representations contained in Section 2.5, Section 8.5, Section 8.9 and in the certificate of the Special Warrant Agent on the Special Warrant Certificates, or be required to verify such statements of fact or recitals, but all such statements of fact or recitals are and shall be deemed to be made by the Corporation.

(d) Nothing herein shall impose any obligation on the Special Warrant Agent to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

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

(f) The Special Warrant Agent shall not be bound to give notice to any person of the execution hereof.

(g) The Special Warrant Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach of the part of the Corporation of any of the covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation.

(h) In this Indenture, whenever confirmation or instructions are required to be given to the Special Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

Section 8.5 Conflict of Interest

The Special Warrant Agent represents to the Corporation that, at the time of the execution and delivery hereof, no material conflict of interest exists in the Special Warrant Agent's role hereunder and agrees, that in the event of a material conflict of interest arising hereafter, it will, within 60 days after ascertaining that it has such material conflict of interest, either eliminate such conflict or resign as Special Warrant Agent in the manner and with the effect specified in Section 8.11. Forthwith after the Special Warrant Agent becomes aware that it has a material conflict of interest, it shall provide the Corporation with written notice of the nature of that conflict.

Section 8.6 Special Warrant Agent May Deal in Securities

Subject to Section 8.5, the Special Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation (including, without limitation, Special Warrants) and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

Section 8.7 Special Warrant Agent Not Required to Give Security

The Special Warrant Agent shall not be required to give any bond or security in respect of the execution of its duties and powers accorded it under this Indenture.

Section 8.8 Counsel Fees Need Not Be Taxed

Whenever the Special Warrant Agent is authorized under this Indenture to employ Counsel, the fees of such Counsel need not be taxed (unless the Special Warrant Agent or the Corporation shall deem it necessary to tax such fees) but may be fixed by the Special Warrant Agent and paid as a lump sum. No fees paid in good faith by the Special Warrant Agent under the provisions of this Section 8.8 shall be disallowed in the taking of any accounts by reason only of the fact that such fees are greater than they might have been if such fees had been taxed or by reason of such fees not having been taxed, but such fees so paid by the Special Warrant Agent shall be allowed and reimbursed to the Special Warrant Agent by the Corporation.

Section 8.9 Authority to Carry on Business

The Special Warrant Agent represents to the Corporation that, at the date of execution and delivery by it of this Indenture, it is authorized to perform its obligations under this Indenture and to carry on the business of a transfer agent and trust company in the Province of Ontario. If, notwithstanding the provisions of this Section 8.9, the Special Warrant Agent ceases to be so authorized to perform its obligations under this Indenture or to carry on business, the validity and enforceability of this Indenture and the Special Warrants issued hereunder shall not be affected in any manner whatsoever by reason only of such event, but the Special Warrant Agent shall, within 60 days after ceasing to be so authorized, either become so authorized or resign as Special Warrant Agent in the manner and with the effect specified in Section 8.11.

Section 8.10 Indemnification

The Corporation hereby indemnifies and saves harmless the Special Warrant Agent and its officers, directors, employees and agents to, from and against any and all liabilities, losses, expenses, disbursements, damages, costs, claims, actions or demands whatsoever, including reasonable legal or advisor fees and disbursements, which may be brought against the Special Warrant Agent or which it may suffer or incur as a result or arising out of the performance of its duties and obligations under this Indenture, save only in the event of the gross negligence, wilful misconduct or fraud of the Special Warrant Agent and its officers, directors, employees or agents. It is understood and agreed that this indemnification shall survive the termination of this Indenture and the removal or resignation of the Special Warrant Agent.

Section 8.11 Replacement of Special Warrant Agent

(a) Resignation: The Special Warrant Agent may resign as warrant agent under this Indenture after giving not less than 60 days' prior notice in writing to the Corporation or such shorter period as the Corporation may accept as sufficient and shall resign in the circumstances described in Section 8.5 and Section 8.9. Upon such resignation, the Special Warrant Agent shall be discharged from all further duties and liabilities under this Indenture, provided, however, that no such resignation shall relieve or release the Special Warrant Agent of any liability on the part of the Special Warrant Agent existing as at the date of resignation or any claims or actions which the Special Warrantholders or the Corporation may have, pursuant to the provisions of this Indenture, against the Special Warrant Agent for its gross negligence, wilful misconduct or fraud which occurred prior to its resignation. If the Special Warrant Agent has a conflict of interest that requires the Special Warrant Agent to resign in accordance with Section 8.5, the validity and enforceability of this Indenture and the Special Warrants issued hereunder shall not be affected in any manner whatsoever by reason only of the existence of such conflict of interest. If the Special Warrant Agent contravenes this Indenture, any interested party may apply to the Ontario Superior Court of Justice or any other court of competent jurisdiction for an order that the Special Warrant Agent be removed and replaced as warrant agent hereunder.

(b) Appointment of Successor Special Warrant Agent: If the Special Warrant Agent resigns, is removed or dissolved, becomes bankrupt, goes into liquidation or otherwise becomes incapable of acting hereunder, the Corporation shall forthwith appoint a new Special Warrant Agent unless a new Special Warrant Agent has already been appointed by the Special Warrantholders. Failing such appointment by the Corporation, the retiring Special Warrant Agent or any Special Warrantholder may apply, at the Corporation's expense, to the Ontario Superior Court of Justice or any other court of competent jurisdiction, on such notice as such court may direct, for the appointment of a new Special Warrant Agent. Any new Special Warrant Agent so appointed by the Corporation or by the court shall be subject to removal by the Special Warrantholders pursuant to the provisions of this Indenture. Any new Special Warrant Agent appointed pursuant to this Section 8.11 shall be a trust company or a recognized transfer agent at arm's length with the Corporation or any affiliate of the Corporation and shall be subject to and be able to make the representations of the Special Warrant Agent in Section 2.5, Section 8.5 and Section 8.9. Upon any appointment of a new Special Warrant Agent, such new Special Warrant Agent shall be vested with the same powers, rights, duties and obligations as if it had been originally named as Special Warrant Agent, without any further assurance, conveyance, act or deed. There shall be immediately executed, at the expense of the Corporation, all such instruments, if any, as the new Special Warrant Agent may be advised by Counsel are necessary or advisable. At the request of the Corporation or the new Special Warrant Agent, the retiring Special Warrant Agent, upon payment of its outstanding fees and expenses, shall duly assign, transfer and deliver to the new Special Warrant Agent all property held and all records kept by the retiring Special Warrant Agent hereunder or in connection herewith.

(c) No Further Act for Merger or Sale: Any company into which the Special Warrant Agent may be merged or sold or with which it may be consolidated or amalgamated or any company resulting from any merger, consolidation or amalgamation to which the Special Warrant Agent shall be a party, or any company succeeding to the corporate trust business of the Special Warrant Agent, shall be the successor Special Warrant Agent under this Indenture without the execution of any instrument or any further act unless, in the opinion of Counsel, such action would be prudent, provided that such successor Special Warrant Agent shall be a trust company or a recognized transfer agent at arm's length with the Corporation or any affiliate of the Corporation and will be subject to and able to make the representations of the Special Warrant Agent in Section 2.5, Section 8.5 and Section 8.9.

(d) Name Change: In case at any time the name of the Special Warrant Agent is changed and at such time any of the Special Warrant Certificates have been countersigned but not delivered, the Special Warrant Agent may adopt the countersignature under its prior name and deliver Warrant Certificates so countersigned; and in case at that time any of the Special Warrant Certificates have not been countersigned, the Special Warrant Agent may countersign such Special Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates will have the full force provided in the Special Warrant Certificates and in this Indenture.

Section 8.12 Privacy

Despite any other provision of this Indenture, no party hereto shall take or direct any action that would contravene, or cause the other to contravene, applicable federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**"). The Corporation shall, prior to transferring or causing to be transferred personal information to the Special Warrant Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Special Warrant Agent shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Special Warrant Agent agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

Section 8.13 Force Majeure

The Special Warrant Agent shall not be personally liable to the other parties, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

Section 8.14 Acceptance of Obligations

The Special Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become Special Warrantholders from time to time issued under this Indenture.

Section 8.15 Special Warrant Agent Not to be Appointed Receiver

The Special Warrant Agent and any person related to the Special Warrant Agent shall not be appointed a receiver, a receiver and manager or a liquidator of all or any part of the assets or undertaking of the Corporation or any Subsidiary or any partnership of which the Corporation is directly or indirectly involved.

Section 8.16 Documents, Monies, Etc. Held by Special Warrant Agent

Any securities, documents of title, monies or other instruments that may at any time be held by the Special Warrant Agent subject to the duties and obligations hereof, for the benefit of the Corporation, may be placed in the deposit vaults of the Special Warrant Agent or of any Schedule 1 Canadian chartered bank for safekeeping with any such bank or the Special Warrant Agent. All interest or other income received by the Special Warrant Agent in respect of such deposits and investments shall belong to the Corporation and shall be paid to the Corporation upon discharge of this Indenture.

Section 8.17 Application of Section

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Special Warrant Agent shall be subject to the provisions of this Article 8, and specifically the duties and obligations imposed on the Special Warrant Agent under subsection 8.2(a) .

ARTICLE 9
GENERAL

Section 9.1 Notice to the Corporation and the Special Warrant Agent

(a) Notices: Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Special Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by facsimile:

(i) if to the Corporation:

Sphere 3D Corporation
240 Matheson Blvd. East
Mississauga, Ontario L4Z 1X1
Facsimile: (905) 282-9966
Attention: T. Scott Worthington, Chief Financial Officer

with a copy (for information purposes only and not constituting notice) to:

Meretsky Law Firm
Barristers and Solicitors
Standard Life Centre
121 King Street West, Suite 2150
Toronto, Ontario M5H 3T9

Facsimile: (416) 943-0811
Attention: Jason D. Meretsky

(ii) if to the Special Warrant Agent:

Equity Financial Trust Company
200 University Avenue, Suite 300
Toronto, ON M5H 4H1

Facsimile: (416) 361-0470
Attention: Corporate Trust Services

and any such notice so delivered or transmitted shall be deemed to have been received on the date of delivery or transmittal, as the case may be, if that date is a Business Day and it is delivered or transmitted prior to 5:00 p.m. on such day, or the Business Day following the date of delivery or transmittal if such date is not a Business Day or it is delivered or transmitted after 5:00 p.m. on such day or, if mailed, shall be deemed to have been received on the fifth Business Day following the date of the postmark on such notice.

(b) Change of Address: The Corporation or the Special Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in subsection (a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Special Warrant Agent, as the case may be, for all purposes of this Indenture. A copy of any notice of change of address given pursuant to subsection (a) shall be available for inspection at the principal stock transfer office of the Special Warrant Agent in the City of Toronto, Ontario by Special Warrantholders during normal business hours.

Section 9.2 Notice to the Special Warrantholders

Any notice to the Special Warrantholders or any notice to CDS which would reasonably be expected to be given to a CDS Participant under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail to the holders at their addresses appearing in the register of holders. Any notice so delivered or transmitted shall be deemed to have been received on the fifth Business Day following the date of the postmark on such notice. Accidental error or omission in giving notice or accidental failure to give notice to any Special Warrantholder shall not invalidate any action or proceeding founded thereon.

Section 9.3 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Special Warrant Agent or the Corporation would reasonably be unlikely to reach its destination in the ordinary course of mail, such notice shall be valid and effective only if delivered to an officer of the party to which it is addressed or if sent to such party, at the appropriate address in accordance with Section 9.1, by facsimile transmission or other means of prepaid transmitted or recorded communication.

In the case of Special Warrantholders, such notice may be given by means of publication in The Globe and Mail newspaper or, in the event of a disruption in the circulation of that newspaper, once in a daily newspaper in the English language of general circulation in Toronto, Ontario; provided that in the case of a notice convening a meeting of the Special Warrantholders, the Special Warrant Agent may require such additional publications of that notice, in the same or in other cities or both, as it may deem necessary for the reasonable notification of the Special Warrantholders or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

Section 9.4 Third Party Interests

The Corporation represents to the Special Warrant Agent that any account to be opened by, or interest to held by the Special Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Special Warrant Agent prescribed form as to the particulars of such third party.

Section 9.5 Satisfaction and Discharge of Indenture

Upon the earlier of (i) the date by which there shall have been delivered to the Special Warrant Agent for exercise or cancellation in accordance with the provisions hereof all Special Warrants theretofore authenticated hereunder; or (ii) the Time of Expiry, this Indenture, except to the extent that Common Shares and Warrants underlying the Units and certificates or other evidence of ownership therefor have not been issued and delivered hereunder or the Corporation has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Corporation, and the Special Warrant Agent, on written demand of and at the cost and expense of the Corporation, and upon delivery to the Special Warrant Agent of a Certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Special Warrant Agent of the expenses, fees and other remuneration payable to the Special Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Special Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Corporation's obligations hereunder shall not affect or diminish the rights of any Special Warrantholder or the Corporation against the Special Warrant Agent.

Section 9.6 Provisions of Indenture and Special Warrants for the Sole Benefit of Parties and Special Warrantholders

Except as provided in Section 5.2 and Section 5.3, nothing in this Indenture or the Special Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Special Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Special Warrantholders.

Section 9.7 Indenture to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Special Warrant Certificate, the terms of this Indenture will prevail.

Section 9.8 Assignment

Neither this Indenture nor any benefits or burdens under this Indenture shall be assignable by the Corporation or the Special Warrant Agent without the prior written consent of the other parties, which consent shall not be unreasonably withheld. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the Corporation and the Special Warrant Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

Section 9.9 Counterparts and Formal Date

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture. Such executions may be transmitted to the parties hereby by facsimile, email or other electronic delivery methods (including in electronic portable document format (.pdf), and any such execution shall have the fully force and effect of an original signature.

[Remainder of page is intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

SPHERE 3D CORPORATION

By: (signed) *"T. Scott Worthington"*
T. Scott Worthington
Chief Financial Officer

EQUITY FINANCIAL TRUST COMPANY

By: (signed) *"Kathy Thorpe"*
Name: Kathy Thorpe
Title: Senior Trust Officer

By: (signed) *"Donald Crawford"*
Name: Donald Crawford
Title: Corporate Trust Officer

SCHEDULE "A"

FORM OF SPECIAL WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 6, 2014.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF) MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL OCTOBER 6, 2014.

[Include on Special Warrant Certificate issued in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States: THESE SPECIAL WARRANTS AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS IS AVAILABLE. THE TERMS "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT.

IF THE SPECIAL WARRANTS ARE REPRESENTED BY A GLOBAL SPECIAL WARRANT, UPON EXERCISE THEREOF, THE HOLDER WILL BE DEEMED TO REPRESENT, WARRANT AND CERTIFY, AT THE TIME OF EXERCISE OF THE SPECIAL WARRANTS, THAT THE HOLDER IS NOT IN THE UNITED STATES, IS NOT A "U.S. PERSON" AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND IS NOT EXERCISING THE SPECIAL WARRANTS FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES, WAS NOT OFFERED AND DID NOT ACQUIRE THE SPECIAL WARRANTS IN THE UNITED STATES, AND DID NOT EXECUTE OR DELIVER THE SUBSCRIPTION FORM IN THE UNITED STATES. IF THE HOLDER CANNOT MAKE THESE REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS, THE SPECIAL WARRANTS MUST BE WITHDRAWN FROM THE GLOBAL WARRANT AND ISSUED IN FULLY REGISTERED FORM.

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT AND IS AVAILABLE FOR RESALE OF THE SECURITIES, OR (D) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, INCLUDING RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER FURTHER UNDERSTANDS AND AGREES THAT IN THE EVENT OF A TRANSFER PURSUANT TO THE FOREGOING CLAUSE (B) OR (D), THE CORPORATION WILL REQUIRE A LEGAL OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.]

SPECIAL WARRANTS TO ACQUIRE UNITS
OF SPHERE 3D CORPORATION

CUSIP: 84841Q133
ISIN: CA84841Q1330

Certificate Number: SW-•

Representing • Special Warrants to acquire • Units (or • Units)

THIS IS TO CERTIFY THAT, for value received, ______________________________ (the "**holder**") is the registered holder of the number of special warrants (the "**Special Warrants**") of Sphere 3D Corporation (the "**Corporation**") stated herein and is entitled to acquire in the manner and at the time, and subject to the restrictions contained in the Indenture (as defined below), the number of units ("**Units**") of the Corporation as is equal to the number of Special Warrants represented hereby (subject to adjustment as set out below and in the Indenture), all without payment of additional consideration. Each Unit is comprised of one Common Share and one-half of one Warrant.

The Special Warrants (or any part thereof) represented by this Special Warrant Certificate are exercisable by the holder on or prior to 4:59 p.m. (Toronto time) on the earlier of (the "**Special Warrant Deemed Exercise Date**"): (i) the third Business Day following the Qualification Date, and (ii) October 6, 2014, by surrendering to Equity Financial Trust Company (the "**Special Warrant Agent**") at its principal office in Toronto, Ontario, this Special Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Special Warrant Certificate, at the above-mentioned office of the Special Warrant Agent. The Special Warrants represented by this Special Warrant Certificate shall be deemed to have been surrendered only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Special Warrant Agent at its office in Toronto, Ontario. If the holder exercises less than the number of Special Warrants represented hereby, a new Special Warrant Certificate representing the Special Warrants not then exercised will be issued to the holder. No Special Warrant Certificate representing fractional Special Warrants will be issued. By acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares or fractional Warrants comprising the Units upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. At 4:59 p.m. (Toronto time) on the Special Warrant Deemed Exercise Date (the "**Time of Expiry**"), all outstanding Special Warrants will be exercised, on behalf of the holder, by the Special Warrant Agent without further action on the part of the holder.

If the Qualification Date does not occur on or before July 31, 2014, each Special Warrant outstanding will, on exercise or deemed exercise, entitle the holder to acquire 1.05 Units (in lieu of one Unit).

Upon due exercise or deemed exercise of the Special Warrants represented by this Special Warrant Certificate, the Corporation shall cause to be issued to the person(s) in whose name(s) the Common Shares and Warrants underlying the Units so subscribed for are directed to be issued (provided that if the Common Shares and Warrants underlying the Units are to be issued to a person other than the registered holder of this Special Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program) and the holder shall pay to the Corporation or the Special Warrant Agent all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates or other evidence of ownership representing the Common Shares and Warrants underlying the Units unless or until the holder shall have paid the Corporation or the Special Warrant Agent the amount of such tax (or shall have satisfied the Corporation that such tax has been paid or that no tax is due) the number of Common Shares and Warrants underlying the Units to be issued to such person(s) and such person(s) shall become a holder in respect of such Common Shares and Warrants with effect from the date of such exercise, and upon due surrender of this Special Warrant Certificate, the Corporation shall cause the Transfer Agent and the Warrant Agent to issue a certificate(s) or other evidence of ownership representing such Common Shares and Warrants to be issued within three Business Days after the exercise of the Special Warrants (or portion thereof) represented hereby.

Neither the Special Warrants represented by this Special Warrant Certificate nor the Common Shares and Warrants underlying the Units issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Special Warrants may not be exercised in the United States or by or on behalf of, or for the account or benefit of, a "U.S. person" or a person in the "United States" (as defined by Regulation S under the U.S. Securities Act) unless an exemption is available from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states.

This Special Warrant Certificate represents Special Warrants of the Corporation issued under the provisions of a special warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Indenture**") dated as of June 5, 2014 between the Corporation and the Special Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Special Warrants and the Corporation and of the Special Warrant Agent in respect thereof and the terms and conditions upon which the Special Warrants are issued and held, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which the holder of this Special Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Indenture. A copy of the Indenture will be available for inspection at the principal office of the Corporation in Mississauga, Ontario. **In the event of any conflict between the provisions contained in this Special Warrant Certificate and the provisions of the Indenture, the provisions of the Indenture shall prevail.**

The holder acknowledges that the Special Warrants represented by this Special Warrant Certificate and the Common Shares and Warrants underlying the Units issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Special Warrant will be valid unless entered on the register of transfers, upon surrender to the Special Warrant Agent of the Special Warrant Certificate evidencing such Special Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form reasonably satisfactory to the Special Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution reasonably satisfactory to the Special Warrant Agent. Subject to the provisions of the Indenture and upon compliance with the reasonable requirements of the Special Warrant Agent, Special Warrant Certificates may be exchanged for Special Warrant Certificates representing in the aggregate the same number of Special Warrants. The Corporation and the Special Warrant Agent may treat the registered holder of this Special Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Special Warrants represented by this Special Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Indenture expressly provided.

The Indenture provides for adjustment in the number of Common Shares and Warrants underlying the Units to be delivered upon exercise of the right of purchase hereby granted in certain events therein set forth.

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

The Special Warrants and the Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Indenture.

The Corporation may from time to time at any time prior to the Time of Expiry purchase any of the Special Warrants by private agreement or otherwise on such terms and conditions and at such price as the Corporation may in its sole discretion determine.

This Special Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Special Warrant Agent for the time being under the Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

IN WITNESS WHEREOF THE CORPORATION has caused this Special Warrant Certificate to be signed by its officers or other individuals duly authorized in that behalf as of the • day of •, 20•.

SPHERE 3D CORPORATION

Per: ______________________________
Authorized Signing Officer

This Special Warrant Certificate is one of the Special Warrant Certificates referred to in the Indenture.

Countersigned this • day of •, 20•.

EQUITY FINANCIAL TRUST COMPANY

Per: ______________________________
Authorized Signing Officer

EXERCISE FORM

TO: SPHERE 3D CORPORATION

c/o Equity Financial Trust Company
200 University Avenue, Suite 300
Toronto, Ontario, M5H 4H1

The undersigned holder of the within Special Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for ____________________ Units of Sphere 3D Corporation (the "**Corporation**") for no additional consideration on the terms and conditions set forth in the attached Special Warrant Certificate and the Indenture.

The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

[ ] A. The undersigned holder (i) at the time of exercise of the Special Warrants is not in the United States and is not exercising the Special Warrants on behalf of a person in the United States; (ii) at the time of exercise of the Special Warrants is not a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")) and is not exercising the Special Warrants on behalf of a U.S. person; and (iii) did not execute or deliver this exercise form in the United States.

[ ] B. The undersigned holder (i) purchased Special Warrants for its own account and not for the benefit of any other person and is an institutional "accredited investor" (satisfies one or more criteria of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act) ("**Accredited Investor**"); (ii) is exercising the Special Warrants solely for its own account and not for the benefit of any other person; and (iii) it was an Accredited Investor on the date the Special Warrants were acquired from the Corporation and is an Accredited Investor on the date of exercise of the Special Warrants; and (iv) the representations and warranties made by the holder to the Corporation in connection with the acquisition of the Common Shares and Warrants underlying the Units in such offering remain true and correct on the date hereof.

[ ] C. The undersigned holder has delivered to the Corporation a written opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state laws is available for the issue of the Common Shares and Warrants underlying the Units issuable upon exercise of the Special Warrants. (Note: If this box is to be checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with exercise will be reasonably satisfactory in form and substance to the Corporation.)

The undersigned holder hereby directs that the said Common Shares and Warrants underlying the Units be issued and registered as follows:

Name(s) in Full	**Address(es)**	**Number of Common Shares/Warrants**
____________________	____________________	____________________
____________________	____________________	____________________
____________________	____________________	____________________

Certificates representing the Common Shares and Warrants underlying the Units will not be registered or delivered to an address in the United States unless Box B or Box C above is checked.

The undersigned holder understands that unless Box A above is checked, the certificates representing the Common Shares and Warrants underlying the Units issued upon exercise of the Special Warrants will bear a legend, as set forth in Section 2.3 of the Indenture, restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available.

(If securities are issued to a person other than the registered Special Warrantholder, the holder must pay to the Special Warrant Agent all exigible taxes and the signature of the holder must be guaranteed by a Canadian Schedule I chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program).

DATED this ______ day of ______________, 20______.

Signature of the Special Warrantholder

guaranteed by:

____
Signature of Special Warrantholder

____
Print Name of Special Warrantholder

____
Print name of authorized signatory if Special Warrantholder is not an individual

____

____
Address and telephone number of Special Warrantholder

[ ] **Please check this box if the securities are to be delivered at the office where Special Warrants are surrendered, failing which the securities will be mailed.**

NOTES:

(1) The signature to this exercise form must correspond with the name as recorded on the Special Warrants in every particular without alteration or enlargement or any change whatsoever.

(2) If this exercise form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Special Warrant Certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

____
(Transferee)

____
(Address)

____
(Social Insurance Number)

___________________________ of the Special Warrants registered in the name of the undersigned transferor represented by the Special Warrant Certificate and hereby irrevocably appoints ____ the attorney of the undersigned to transfer such Special Warrants on the books or register of transfer of the Special Warrant Agent with full power of substitution.

The undersigned hereby certifies that the Special Warrants are being sold, assigned or transferred in accordance with applicable securities laws covering any such transaction.

DATED this ______day of _______________, 20____

Signature of the Special Warrantholder

guaranteed by:

____
Signature of Special Warrantholder

____
Print Name of Special Warrantholder

____
Print name of authorized signatory if Special Warrantholder is not an individual

____

____
Address and telephone number of Special Warrantholder

NOTES:

(1) The signature to this transfer must correspond with the name as recorded on the Special Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Canadian Schedule I chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

(2) If this transfer form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Special Warrant Certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

(3) Special Warrants shall only be transferable in accordance with the Special Warrant Indenture between Sphere 3D Corporation (the "**Corporation**") and Equity Financial Trust Company (the "**Special Warrant Agent**") dated as of June 5, 2014, applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Special Warrant Certificate bears a legend restricting the transfer of the Special Warrants except pursuant to an exemption from registration under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and applicable state securities laws, and the Special Warrants are to be transferred outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend demonstrating compliance with an exemption or exclusion from the registration requirements of the U.S. Securities Act, together with such other documents or instruments as the Corporation or the Special Warrant Agent may require, which may include an opinion of counsel of recognized standing, reasonably satisfactory to the Corporation, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws. Notwithstanding the above, the Special Warrants may not be transferred to a U.S. Person (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act) or to a person in the United States or to or for the account or benefit of a U.S. Person or a person in the United States unless the Corporation consents in writing (such consent not to be unreasonably withheld or delayed) and, if requested by the Corporation, the transferor has delivered to the Corporation a written opinion of counsel reasonably satisfactory to the Corporation stating such transfer would comply with the provisions of applicable securities laws.

SCHEDULE “B”

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Sphere 3D Corporation

AND TO: The registrar and transfer agent for the securities of Sphere 3D Corporation

The undersigned (A) acknowledges that the sale of the securities of Sphere 3D Corporation (the “**Corporation**”) to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (B) certifies that: (1) the undersigned is not an “affiliate” of the Corporation as that term is defined in Rule 405 under the U.S. Securities Act, a “distributor” or an affiliate of “distributor”, (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States or (b) the transaction was executed on or through the facilities of a “designated offshore securities market” (as defined in Rule 902 of Regulation S under the U.S. Securities Act) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged or will engage in any “directed selling efforts” in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of “washing-off” the resale restrictions imposed because the securities are “restricted securities” as that term is described in Rule 144(a)(3) under the U.S. Securities Act, (5) the seller does not intend to replace such securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms set forth above in quotation marks have the meanings given to them by Regulation S under the U.S. Securities Act.

The undersigned in making this Declaration acknowledges that the Corporation is relying on the contents hereof and hereby agrees to indemnify and hold harmless the Corporation for any and all liability, losses, claims and demands in any way related to the subject matter of this Declaration.

DATED at ______________________ this ______day of _________________________20____.

By: ____

Name:
Title:

AFFIRMATION BY SELLER'S BROKER-DEALER (REQUIRED FOR SALES IN ACCORDANCE WITH SECTION (B)(2)(B) ABOVE)

We have read the foregoing representations of our customer, __________________________(the "**Seller**") dated ________________________, with regard to our sale, for such Seller's account, of the securities of the Corporation described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of the TSX Venture Exchange or another "designated offshore securities market", (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (D) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

____

Name of Firm

Date: ________________________________

____

Authorized officer

Sphere 3D Closes $10.0 Million Underwritten Financing

Not for distribution in the United States or through United States wire services

Mississauga, ONTARIO – June 5, 2014 – Sphere 3D Corporation (TSXV-ANY, OTCQX: SPIHF) ("Sphere 3D" or the "Company"), developer of Glassware 2.0™ foundational thin client technology, announced today that it has closed its previously announced underwritten private placement financing for gross proceeds of $10,000,250 (the "Offering").

As described in the Company's press release dated May 15, 2014, the Offering consisted of an aggregate of 1,176,500 special warrants of the Company (each a "Special Warrant") at a purchase price of $8.50 per Special Warrant. The Offering was led by Cormark Securities Inc. and the underwriting syndicate included Jacob Securities Inc. and Paradigm Capital Inc. (collectively, the "Underwriters").

Each Special Warrant, upon exercise or deemed exercise, will convert into one unit of the Company (a "Unit") with each Unit being comprised of one common share of the Company (a "Common Share") and one-half of a Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable at an exercise price of $11.50 per share for a period of two years from the closing date.

The Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering. The Company has also reimbursed the Underwriters for reasonable fees and expenses incurred in connection with the Offering.

All securities issued in connection with the Offering are subject to a four-month hold period from the issuance date in accordance with the policies of the TSX Venture Exchange (the "TSXV") and applicable Canadian securities laws. Sphere 3D intends to file a short form prospectus (the "Final Prospectus") in each of the Provinces of British Columbia, Alberta and Ontario (collectively, the "Offering Jurisdictions") qualifying the Units issuable upon exercise or deemed exercise of the Special Warrants by July 31, 2014, failing which the holder would be entitled to receive 1.05 Units upon exercise or deemed exercise of the Special Warrants. Any unexercised Special Warrants will be deemed to be automatically exercised on the earlier of: (i) the third business day following the day on which a final receipt is issued in the Offering Jurisdictions for the Final Prospectus qualifying the distribution of the Units; and (ii) October 6, 2014.

The offered securities pursuant to the Offering are not registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

About Sphere 3D Corporation
Sphere 3D Corporation (TSX-V:ANY, OTCQX: SPIHF) is a Mississauga, Ontario based virtualization technology solution provider. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for desktop virtualization. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Forward-Looking Statements
This release contains forward-looking statements, including, without limitation, the filing of the Final Prospectus to qualify the Units issuable upon exercise of the Special Warrants. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed in, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Sphere 3D Approves Options

Mississauga, ONTARIO – June 23, 2014 – Sphere 3D Corporation (TSXV: ANY OTCQX: SPIHF) (the "Company" or "Sphere 3D"), a virtualization technology solution provider, today announced that it has granted an aggregate of 160,000 stock options pursuant to its Employee Stock Option Plan to its Chief Financial Officer and three non-management directors, Messrs. Ashkin, Bowman and Meretsky. . These options expire in 10 years, vest quarterly over three years and have an exercise price of $8.35 per share, representing the last closing market price before the date of the stock option grant.

Sphere 3D Contact:
Sphere 3D Corporation
Peter Tassiopoulos, Chief Executive Officer
Tel: (416) 749-5999
Peter.Tassiopoulos@Sphere3D.com

About Sphere 3D Corporation

Sphere 3D Corporation (TSX-V:ANY) (OTCQX:SPIHF) is a virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of some of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator management software for VDI. Sphere 3D maintains offices in Mississauga, Ontario, Canada and in Salt Lake City, Utah, U.S. For additional information visit www.sphere3d.com or access the Company's public filings at www.sedar.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Collins Barrow

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Collins Barrow Place
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M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Sphere 3D Corporation

We consent to the inclusion in this registration statement on Form 40-F of Sphere 3D Corporation, being filed with the United States Securities and Exchange Commission of:

- our Independent Auditors' Report dated April 25, 2014, on the consolidated financial statements of Sphere 3D Corporation, which comprise the consolidated balance sheets as at December 31, 2013 and December 31, 2012 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2013 and 2012 and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board;

- our Independent Auditors' Report dated April 10, 2013, on the consolidated financial statements of Sphere 3D Corporation, which comprise the consolidated balance sheets as at December 31, 2012 and December 31, 2011 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2012 and 2011 and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

- our Independent Auditors' Report dated March 8, 2013, on the consolidated financial statements of T.B. Mining Ventures Inc. (now known as Sphere 3D Corporation), which comprise the statements of financial position as at September 30, 2012, September 30, 2011 and October 1, 2011 and the statements of comprehensive loss, changes in equity and cash flows for the years ended September 30, 2012 and September 30, 2011 and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants
Chartered Accountants
June 26, 2014
Toronto, Canada

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An independent member of BAKER TILLY INTERNATIONAL