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

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 3, 2017

**HOUSTON AMERICAN ENERGY CORP.**

(Exact name of registrant as specified in Charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

1-32955

(Commission  
File No.)

76-0675953

(IRS Employer  
Identification No.)

801 Travis St., Suite 1425  
Houston, Texas 77002

(Address of Principal Executive Offices)(Zip Code)

713-222-6966

(Issuer Telephone number)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

### Item 1.01. Entry into a Material Definitive Agreement

On May 3, 2017 (the “Original Issue Date”), Houston American Energy Corp. (the “Company”) entered into Securities Purchase Agreements (the “Purchase Agreements”) with multiple investors pursuant to which the Company sold 909.6 units (the “Units”), each Unit consisting of one share of 12.0% Series B Convertible Preferred Stock (the “Series B Preferred Shares”) and one Warrant (the “Warrants”). The Units were sold for \$1,000 each (the “Purchase Price”), or an aggregate of \$909,600.00.

#### *Series B Preferred Shares*

The principal terms of the Series B Preferred Shares are as follows:

*Dividends.* Dividends accrue at an annual rate of 12% of the Purchase Price (the “Stated Dividend”). The Stated Dividend is payable on a quarterly basis in cash (i) from funds legally available for such payment, (ii) when and as declared by the Board of Directors of the Company (the “Board”), (iii) subject to restrictions, if any, imposed under existing debt obligations of the Company (no debt obligations presently exist) and (iv) in preference to holders of Common Stock and other junior securities but subject to the rights of senior securities (including Series A Preferred Stock). Dividends on the Series B Preferred Stock are cumulative. No dividends may be paid on Common Stock so long as Series B Preferred Stock remains outstanding unless said dividend is also paid to holders of Series B Preferred Stock on an as converted basis.

*Conversion.* The holders will have the right, at their sole option, to convert the face amount of the Series B Preferred Shares (but not accrued and unpaid dividends) into shares of Common Stock at a conversion price of \$0.36 per share (the “Conversion Price”). The Conversion Price is subject to standard adjustments to reflect stock splits, reverse stock splits, stock dividends and certain non-cash distributions to holders of Common Stock.

*Redemption.* The Series B Preferred Shares are redeemable by the Company at its sole option (subject to the right of the holders to convert the Series B Preferred Shares prior to redemption) beginning May 1, 2019 at a price per share equal to (i) \$1,000 multiplied by the applicable percentage from the table below, plus (ii) all accrued and unpaid dividends:

<b>For the period below</b>	<b>Percentage</b>
On or after May 1, 2019 to April 30, 2020	112%
On or after May 1, 2020 to April 30, 2021	108%
On or after May 1, 2021 to April 30, 2022	104%
On or after May 1, 2022	100%

*Voting.* The Series B Preferred Shares vote on an as converted basis on all matters submitted to a vote of shareholders and, separately, vote as a class with respect to certain matters that could potentially adversely affect the Series B Preferred Shares.

*Liquidation.* The Series B Preferred Shares are entitled to a preference upon liquidation of \$1,000 per share plus all accrued and unpaid dividends in preference to holders of Common Stock and other junior securities but subject to the rights of senior instruments (including Series A Preferred Stock).

The foregoing is qualified in its entirety by reference to the Certificate of Designations filed herewith as Exhibit 4.1.

## ***Warrants***

The principal terms of the Warrants are as follows:

*Underlying Shares.* Each Warrant is exercisable to purchase 3,300 shares of Common Stock per Unit, or an aggregate of 3,001,680 shares of Common Stock.

*Exercise Price.* The Warrants are exercisable at \$0.43 per share, payable in cash and subject to standard adjustments to reflect stock splits, reverse stock splits and stock dividends.

*Term.* The Warrants are exercisable for a term of 9 months, expiring February 3, 2018.

The foregoing is qualified in its entirety by reference to the Warrant filed herewith as Exhibit 10.1.

### **Item 3.02. Unregistered Sales of Equity Securities**

See Item 1.01 above regarding the sales of Units.

Proceeds from the sale of the Units will be used to pay the Company's share of drilling costs of the Johnson State #1H well, its first well on its Johnson Lease in Reeves County, Texas.

The Units were offered and sold in a private placement transaction (the "Offering") pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933 (the "Securities Act") and Rule 506 promulgated thereunder. Each of the investors represented that it is an "accredited investor", as defined in Rule 501 promulgated under the Securities Act.

No placement agents, underwriters or finders participated in the Offering and no commissions or similar fees were paid in connection with the Offering.

This Current Report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy any securities. At the time of their issuance, the Units and the underlying shares of Common Stock issuable upon conversion of the Series B Preferred Shares and exercise of the Warrants have not been registered under the Securities Act, or any applicable state securities laws and may not be offered or sold in the United States, absent registration or an applicable exemption from such registration requirements.

Pursuant to the Purchase Agreements, the Company agreed to use commercially reasonable efforts to file with the Securities and Exchange Commission, not later than 30 days following the first issue of Units, a registration statement relating to the resale of the Common Stock underlying the Series B Preferred Stock and Warrants.

The foregoing is qualified in its entirety by reference to the Purchase Agreement filed herewith as Exhibit 10.2.

### **Item 5.08. Shareholder Director Nominations.**

The Company has rescheduled its 2017 annual meeting of stockholders (the "2017 Annual Meeting") to September 6, 2017. In accordance with the Company's bylaws, stockholders who intend to submit a proposal regarding a director nomination at the 2017 Annual Meeting must ensure that notice of any such proposal (including certain additional information specified in the bylaws) is received by the Company no later than the close of business on June 28, 2017. Separately, stockholder proposals to be submitted pursuant to Exchange Act Rule 14a-8 for inclusion in the Company's proxy materials for the 2017 Annual Meeting must be received by the Company no later than June 28, 2017.

**Item 7.01. Regulation FD Disclosure.**

The Company issued a press release on May 4, 2017 announcing the spudding of its initial well in Reeves County, Texas and issued a separate press release on May 5, 2017 announcing the completion of the offering of Units and rescheduling of the Company's 2017 Annual Meeting. The press releases are attached to this Current Report on Form 8-K as Exhibits 99.1 and 99.2 and are incorporated herein solely for purposes of this Item 7.01.

In accordance with General Instruction B.2 of Form 8-K, the information set forth in this Item 7.01, including Exhibits 99.1 and 99.2, is furnished pursuant to Item 7.01 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

- 4.1 Certificate of Designations of 12.0% Series B Convertible Preferred Stock
- 10.1 Form of Warrant, dated May 3, 2017
- 10.2 Form of Securities Purchase Agreement, dated May 3 2017, relating to the sale of Units of shares of 12.0% Series B Convertible Preferred Stock and Warrants
- 99.1 Press release, dated May 4, 2017
- 99.2 Press release, dated May 5, 2017

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

HOUSTON AMERICAN ENERGY CORP.

Dated: May 5, 2017

By: /s/ John P. Boylan  
John P. Boylan, President

**CERTIFICATE OF DESIGNATIONS OF  
12.00% SERIES B CONVERTIBLE  
PREFERRED STOCK,  
PAR VALUE \$0.001 PER SHARE, OF  
HOUSTON AMERICAN ENERGY CORP.**

Pursuant to Sections 151 and 103 of the  
General Corporation Law of the State of Delaware

**HOUSTON AMERICAN ENERGY CORP.**, a corporation organized and existing under the laws of the State of Delaware (the "Company"), certifies that pursuant to the authority contained in its Certificate of Incorporation, as amended from time to time (the "Certificate of Incorporation"), and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Company (the "Board of Directors") has duly approved and adopted the following resolution on May 3, 2017 and the resolution was adopted by all necessary action on the part of the Company:

**RESOLVED**, that pursuant to the authority vested in the Board of Directors by the Certificate of Incorporation and Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors does hereby designate, create, authorize and provide for the issue of a series of 1,000 shares of Preferred Stock, par value \$0.001 per share, having the voting powers and such designations, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions that are set forth in this resolution of the Board of Directors pursuant to authority expressly vested in it by the provisions of the Certificate of Incorporation and hereby constituting an amendment to the Certificate of Incorporation as follows:

**Section 1. Designation.** The designation of the series of preferred stock of the Company is "12.00% Series B Convertible Preferred Stock," par value \$0.001 per share (the "Series B Preferred Stock"). Each share of the Series B Preferred Stock shall be identical in all respects to every other share of the Series B Preferred Stock. The Series B Preferred Stock shall be perpetual.

**Section 2. Number of Shares.** The authorized number of shares of Series B Preferred Stock is 1,000 shares. Series B Preferred Stock that is redeemed, purchased or otherwise acquired by the Company, or converted into another class or series of Capital Stock shall not be reissued as Series B Preferred Stock, and the Company shall take such actions as are necessary to cause such acquired or converted shares to resume the status of authorized but unissued shares of Preferred Stock.

**Section 3. Defined Terms and Rules of Construction.**

**(a) Definitions.** As used herein with respect to the Series B Preferred Stock:

"Affiliate" of any Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For purposes of this definition, "control" when used with respect to any Person has the meaning specified in Rule 12b-2 under the Exchange Act; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Beneficially Own" shall mean "beneficially own" as defined in Rule 13d-3 under the Exchange Act.

"Board of Directors" shall mean the board of directors of the Company.

"Business Day" shall mean a day that is a Monday, Tuesday, Wednesday, Thursday or Friday and is not a day on which banking institutions in New York, New York or Houston, Texas generally are authorized or obligated by law, regulation or executive order to close.

"Bylaws" shall mean the Bylaws of the Company in effect on the date hereof, as they may be amended from time to time.

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“Capital Stock” shall mean any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (in each case however designated) stock issued by the Company.

“Certificate of Incorporation” shall mean the Certificate of Incorporation of the Company, as amended from time to time, including by this Certificate of Designations.

“Certificate of Designations” shall mean this Certificate of Designations relating to the Series B Preferred Stock, as it may be amended from time to time.

“Change of Control” shall mean the occurrence of any of the following:

(1) any Person shall Beneficially Own, directly or indirectly, through a purchase, merger or other acquisition transaction or series of transactions, shares of the Company's Capital Stock entitling such Person to exercise more than 50% of the total voting power of all classes of Voting Stock of the Company, other than an acquisition by the Company, any of the Company's Subsidiaries or any of the Company's employee benefit plans (for purposes of this clause (1), “Person” shall include any syndicate or group that would be deemed to be a “person” under Section 13(d)(3) of the Exchange Act); or

(2) the Company (i) merges or consolidates with or into any other Person, another Person merges with or into the Company, or the Company conveys, sells, transfers or leases all or substantially all of the Company's assets to another Person or (ii) engages in any recapitalization, reclassification or other transaction in which all or substantially all of the Common Stock is exchanged for or converted into cash, securities or other property, in each case other than a merger or consolidation:

(A) that does not result in a reclassification, conversion, exchange or cancellation of the Company's outstanding Common Stock; provided that the holders of the Common Stock outstanding immediately prior to such transaction hold the majority of the Common Stock immediately following such transaction;

(B) which is effected solely to change the Company's jurisdiction of incorporation and results in a reclassification, conversion or exchange of outstanding shares of the Common Stock solely into shares of common stock of the surviving entity; or

(C) where the Voting Stock outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance).

“Close of Business” shall mean 5:00 p.m., Eastern Time, on any Business Day.

“Closing Price” shall mean the price per share of the final trade of the Common Stock on the applicable Trading Day on the principal national securities exchange or market on which the Common Stock is listed or admitted to trading (including any over-the-counter market).

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commission” shall mean the U.S. Securities and Exchange Commission, including the staff thereof.

“Common Stock” shall mean the common stock, par value \$0.001 per share, of the Company.

“Company” shall mean Houston American Energy Corp., a corporation organized and existing under the laws of the State of Delaware, and any successor thereof.

“Conversion Price” shall mean the quotient of (i) the Liquidation Preference and (ii) \$1,000.

“Conversion Rate” shall, subject to adjustment as set forth in Section 8, mean the quotient of (x) 1,000, and (y) \$0.36.

“Current Market Price” shall mean the average Closing Price for the ten (10) consecutive Trading Days immediately preceding, but not including, the date as of which the Current Market Price is to be determined.

“Debt Documents” shall mean each agreement, if any, of the Company for borrowed money in an aggregate principal amount in excess of \$2.0 million (with “principal amount” for purposes of this definition to include undrawn committed or available amounts) that is entered into by the Company from time to time and as may be amended, supplemented, restated, renewed, replaced, refinanced or otherwise modified from time to time. For the avoidance of doubt, (x) obligations under multiple agreements may not be aggregated for purposes of satisfying the definition of Debt Document, (y) mortgages, real estate leases, capital lease obligations, purchase money agreements, sale-leaseback transactions, equipment financing, inventory financing, letters of credit and receivables financing shall be eligible to constitute Debt Documents and (z) interest rate swaps, currency or commodity hedges and other derivative instruments shall be eligible to constitute Debt Documents measured on the basis of liability to the Company determined as of the date of the most recent quarterly or annual balance sheet of the Company, and not based on notional amount.

“Distributed Property” shall have the meaning ascribed to it in Section 8(c).

“Dividend Payment Date” shall mean March 31, June 30, September 30 and December 31 of each year, commencing on June 30, 2017; provided that if any such Dividend Payment Date would otherwise occur on a day that is not a Business Day, such Dividend Payment Date shall instead be (and any dividend payable on Series B Preferred Stock on such Dividend Payment Date shall instead be payable on) the immediately succeeding Business Day.

“Dividend Period” shall mean the period commencing on and including a Dividend Payment Date and shall end on and include the day immediately preceding the next Dividend Payment Date; provided that the “Initial Dividend Period” shall commence on and include the Original Issue Date with respect to each individual share of Series B Preferred Stock and shall end on and include the day immediately preceding the first Dividend Payment Date.

“Dividend Rate” shall mean 12.00% per annum.

“Dividend Record Date” shall have the meaning ascribed to it in Section 4(a).

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Exchange Property” shall have the meaning ascribed to it in Section 10(a).

“Internal Reorganization Event” shall have the meaning ascribed to it in Section 10(d).

“Investor Majority” means, so long as shares of Series B Preferred Stock remain outstanding, holders of a majority of the Series B Preferred Stock outstanding at such time.

“Junior Stock” shall mean the Common Stock and any other class or series of Capital Stock that ranks junior to the Series B Preferred Stock (1) as to the payment of dividends or (2) as to the distribution of assets on any liquidation, dissolution or winding up of the Company, or both.

“Liquidating Distribution” shall have the meaning ascribed to it in Section 8(c).

“Liquidation Preference” shall initially mean \$1,000 per share of Series B Preferred Stock.

“Original Issue Date” shall, as to each share of Series B Preferred Stock, mean the date on which each share of Series B Preferred Stock is first issued.

“Parity Stock” shall mean any class or series of Capital Stock (other than the Series B Preferred Stock) that ranks equally with the Series B Preferred Stock both (1) in the priority of payment of dividends and (2) in the distribution of assets upon any liquidation, dissolution or winding up of the Company (in each case, without regard to whether dividends accrue cumulatively or non-cumulatively).

“Per Share Amount” shall have the meaning ascribed to it in Section 7(a).

“Person” shall mean any individual, company, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, government or agency or political subdivision thereof or any other entity.

“Preferred Dividend” has the meaning ascribed to it in Section 4(b).

“Preferred Stock” shall mean any and all series of preferred stock of the Company, including the Series A Preferred Stock and the Series B Preferred Stock.

“Record Date” shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract, this Certificate of Designations or otherwise).

“Redemption Date” shall have the meaning ascribed to it in Section 6(b).

“Redemption Notice” shall have the meaning ascribed to it in Section 6(b).

“Redemption Price” shall have the meaning ascribed to it in Section 6(a).

“Reorganization Event” shall have the meaning ascribed to it in Section 10(a).

“Reorganization Event Date” shall have the meaning ascribed to it in Section 10(a).

“Senior Stock” shall mean the Series A Preferred Stock and any other class or series of Capital Stock that ranks senior to the Series B Preferred Stock (1) as to the payment of dividends or (2) as to the distribution of assets on any liquidation, dissolution or winding up of the Company, or both.

“Series A Preferred Stock” shall mean the 12.0% Series A Convertible Preferred Stock of the Company.

“Series B Preferred Stock” shall have the meaning ascribed to it in Section 1.

“Spin-Off” shall have the meaning ascribed to it in Section 8(c).

“Subsidiary” shall mean any company, partnership, limited liability company, joint venture, joint stock company, trust, unincorporated organization or other entity for which the Company owns at least 50% of the Voting Stock of such entity.

“Trading Day” shall mean any Business Day on which the Common Stock is traded, or able to be traded, on the principal national securities exchange or market on which the Common Stock is listed or admitted to trading (including any over-the-counter market).

“Trigger Event” shall have the meaning ascribed to it in Section 8(c).

“Voting Stock” shall mean Capital Stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances (determined without regard to any classification of directors) to elect one or more members of the Board of Directors (without regard to whether or not, at the relevant time, Capital Stock of any other class or classes (other than Common Stock) shall have or might have voting power by reason of the happening of any contingency).

**(b) Rules of Construction.** Unless the context otherwise requires: (i) a term has the meaning assigned to it herein; (ii) an accounting term not otherwise defined herein has the meaning accorded to it in accordance with generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis; (iii) words in the singular include the plural, and in the plural include the singular; (iv) “or” is not exclusive; (v) “will” shall be interpreted to express a command; (vi) “including” means including without limitation; (vii) provisions apply to successive events and transactions; (viii) references to any Section or clause refer to the corresponding Section or clause, respectively, of this Certificate of Designations; (ix) any reference to a day or number of days, unless expressly referred to as a Business Day or Trading Day, shall mean the respective calendar day or number of calendar days; (x) references to sections of or rules under the Exchange Act shall be deemed to include substitute, replacement or successor sections or rules, and any term defined by reference to a section of or rule under the Exchange Act shall include Commission and judicial interpretations of such section or rule; (xi) references to sections of the Code shall be deemed to include any substitute, replacement or successor sections as well as the Treasury Regulations promulgated thereunder from time to time; (xii) headings are for convenience only; and (xiii) unless otherwise expressly provided in this Certificate of Designations, a reference to any specific agreement or other document shall be deemed a reference to such agreement or document as amended from time to time in accordance with the terms of such agreement or document.

#### Section 4. Dividends.

**(a) Participation with Dividends on Common Stock.** No cash dividend may be declared or paid on the Common Stock during a Dividend Period unless a cash dividend is also declared or paid (as applicable) on the Series B Preferred Stock for such Dividend Period in an amount (the “Common Participation Amount”) equal to (A) the Per Share Amount as of the Record Date for such dividend (the “Dividend Record Date”) *multiplied* by (B) the amount per share distributed or to be distributed in respect of the Common Stock in connection with such cash dividend.

**(b) Dividend Rate on Series B Preferred Stock.** In addition to participation in cash dividends on Common Stock as set forth in Section 4(a), holders of the Series B Preferred Stock shall be entitled to receive, in preference to the holders of any Junior Stock but subject to the prior and superior rights of the Senior Stock, on each share of Series B Preferred Stock and with respect to each Dividend Period commencing on and after the Original Issue Date, an amount (such amount, the “Preferred Dividend”) equal to the Dividend Rate *multiplied* by the Liquidation Preference per share of Series B Preferred Stock. Amounts payable at the Dividend Rate shall begin to accrue and be cumulative from the Original Issue Date, whether or not the Company has funds legally available for such dividends or such dividends are declared, and shall be payable in arrears on the first Dividend Payment Date after such Dividend Period. Dividends that are payable on the Series B Preferred Stock on any Dividend Payment Date shall be payable to holders of record of the Series B Preferred Stock as they appear on the stock register of the Company on the Record Date for such dividend, which shall be the date 15 days prior to the applicable Dividend Payment Date.

Dividends payable at the Dividend Rate on the Series B Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable at the Dividend Rate on the Series B Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month (i.e., during each Dividend Period, \$30.00 of Preferred Dividend accrues).

**(c) Payment of Dividends.** Notwithstanding anything to the contrary in this Certificate of Designations, cash dividends shall be paid only to the extent (i) the Company has funds legally available for such payment, (ii) there are no provisions in any of the Debt Documents prohibiting the payment of cash dividends on the Series B Preferred Stock in such amount on the applicable Dividend Payment Date and (iii) the Board of Directors, or an authorized committee thereof, declares such dividend payable. To the extent the Board of Directors desires to declare any cash dividend or other distribution in cash on the Common Stock during any Dividend Period that requires a corresponding cash dividend on the Series B Preferred Stock in accordance with Section 4(a), it may do so only to the extent that (i) the Company has funds legally available for the payment of such dividend or distribution in cash on all of the shares of Common Stock and Series B Preferred Stock then outstanding and (ii) such cash dividend or distribution on the Common Stock and the Series B Preferred Stock shall be payable only on the applicable Dividend Payment Date for such Dividend Period.

**(d) Priority of Dividends.** Subject to Sections 4(a), (b) and (c), Section 8 and Section 9, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or an authorized committee thereof may be declared and paid on any Capital Stock, including Senior Stock, Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment.

## Section 5. Liquidation Rights.

**(a) Voluntary or Involuntary Liquidation.** In the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, holders of the Series B Preferred Stock shall be entitled to receive for each share of Series B Preferred Stock, out of the assets of the Company or proceeds thereof (whether capital or surplus) available for distribution to shareholders of the Company, and after satisfaction of all liabilities and obligations to creditors of the Company and the liquidation rights of any Senior Stock, on par with each share of Parity Stock but before any distribution of such assets or proceeds is made to or set aside for the holders of Junior Stock, an amount equal to the greater of (1) the sum of (a) the Liquidation Preference per share of the Series B Preferred Stock *plus* (b) an amount per share equal to accrued but unpaid dividends to but excluding the date fixed for such liquidation, dissolution or winding up of the Company and (2) the per share amount of all cash, securities and other property (such securities or other property having a value equal to its fair market value as reasonably determined by the Board of Directors) to be distributed in respect of the Common Stock such holder would have been entitled to receive had it converted such Series B Preferred Stock immediately prior to the date fixed for such liquidation, dissolution or winding up of the Company. To the extent such amount is paid in full to all holders of Series B Preferred Stock and all the holders of Parity Stock, the holders of Junior Stock of the Company shall be entitled to receive all remaining assets of the Company (or proceeds thereof) according to their respective rights and preferences.

**(b) Partial Payment.** If in connection with any distribution described in Section 5(a) above the assets of the Company or proceeds thereof are not sufficient to pay the liquidation preferences in full to all holders of Series B Preferred Stock and all holders of Parity Stock, the amounts paid to the holders of Series B Preferred Stock and to the holders of all such other Parity Stock shall be paid *pro rata* in accordance with the respective aggregate liquidation preferences of the holders of Series B Preferred Stock and the holders of all such other Parity Stock.

**(c) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the merger or consolidation of the Company with any other corporation or other entity, including a merger or consolidation in which the holders of Series B Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Company, shall not be deemed to constitute a liquidation, dissolution or winding up of the Company, but instead shall be subject to the provisions of Section 10.

## Section 6. Redemption.

**(a)** On or after May 1, 2019, the Company will have the right, but not the obligation, to redeem, in the manner described in Sections 6(a) and (b) below, some or all of the then outstanding shares of Series B Preferred Stock by paying cash therefore in a per share amount (the “Redemption Price”) equal to the sum of (i) the percentage set forth in the table below multiplied by the Liquidation Preference per share of the Series B Preferred Stock *plus* (ii) an amount equal to accrued but unpaid dividends to but excluding the date of redemption; provided, however, that the Company shall not repurchase any shares of Series B Preferred Stock pursuant to this Section 6(a) to the extent such repurchase would be prohibited by (x) any provision of any Debt Document, (y) any provision of any Senior Stock or (z) any applicable law:

<u>For the period below</u>	<u>Percentage</u>
On or after May 1, 2019 to April 30, 2020	112%
On or after May 1, 2020 to April 30, 2021	108%
On or after May 1, 2021 to April 30, 2022	104%
On or after May 1, 2022	100%

**(b)** The Company may exercise the redemption right set forth in Section 6(a) by providing to the holders of the Series B Preferred Stock written notice (a “Redemption Notice”) of its intent to redeem shares, which Redemption Notice shall (i) be mailed, first class postage prepaid, to each holder of Series B Preferred Stock to be redeemed, (ii) call upon the holder to surrender the certificates evidencing the shares to be redeemed, and (iii) specify (A) the manner and place of surrendering certificates and receiving the Redemption Price, (B) the number of shares of Series B Preferred Stock to be redeemed from such holder, (C) the Redemption Price to be paid to such holder, and (D) the date on which shares of Series B Preferred Stock are to be redeemed (the “Redemption Date”), which date shall be no less than 15 nor more than 30 calendar days from the date of delivery of the Redemption Notice.

(c) Subject to the rights of the holders of shares of Series B Preferred Stock to convert their shares in the manner provided in Section 7 below, which right shall terminate 3 business days prior to the Redemption Date, on the Redemption Date, the holder shall surrender to the Company the certificates evidencing the shares of Series B Preferred Stock to be redeemed in the manner and at the place specified in the Redemption Notice, and upon surrender of such certificates the Company shall pay the Redemption Price to the holder and cancel the certificate so surrendered. In the event that less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(d) From and after the Redemption Date, unless there shall be a default in payment of the Redemption Price, all rights of the holders of shares of Series B Preferred Stock designated for redemption in the Redemption Notice (except the right to receive the Redemption Price without interest upon surrender of their certificate(s)) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Company or be deemed to be outstanding for any purpose whatsoever.

#### **Section 7. Conversion.**

(a) **Conversion at the Option of the Holders.** Subject to Section 7(d) below, each share of Series B Preferred Stock may be converted on any date, from time to time, at the option of the holder thereof, into the number of shares of Common Stock (the “Per Share Amount”) equal to the Conversion Price *multiplied* by the Conversion Rate in effect at such time.

The right of conversion attaching to any shares of Series B Preferred Stock may be exercised by the holders thereof by delivering the shares to be converted to the office of the Company, accompanied by a duly signed and completed notice of conversion in form reasonably satisfactory to the Company. The conversion date shall be the date on which the shares of Series B Preferred Stock and the duly signed and completed notice of conversion are received by the Company. The Person entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of such conversion date, and such Person or Persons shall cease to be a record holder of the Series B Preferred Stock on that date. As promptly as practicable on or after the conversion date (and in any event no later than three Trading Days thereafter), the Company shall issue the number of whole shares of Common Stock issuable upon conversion, with any fractional shares (after aggregating all Series B Preferred Stock being converted on such date) rounded to the nearest whole share. Such delivery shall be made, at the option of the applicable holder, in certificated form or by book-entry. Any such certificate or certificates shall be delivered by the Company to the appropriate holder on a book-entry basis or by mailing certificates evidencing the shares to the holders at their respective addresses as set forth in the conversion notice.

(b) **Common Stock Reserved for Issuance.** The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of the Series B Preferred Stock, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series B Preferred Stock then outstanding. Any shares of Common Stock issued upon conversion of Series B Preferred Stock shall be (i) duly authorized, validly issued and fully paid and nonassessable, (ii) shall rank *pari passu* with the other shares of Common Stock outstanding from time to time and (iii) shall be approved for listing on the principal national securities exchange or market on which the Common Stock is listed or admitted to trading (including any over-the-counter market).

(c) **Taxes.** The Company shall pay any and all transfer taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of Series B Preferred Stock. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the Series B Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid.

**Section 8. Dilution Adjustments.** The Conversion Rate shall be adjusted from time to time (successively and for each event described) by the Company as follows:

(a) If the Company shall, at any time or from time to time while any of the Series B Preferred Stock is outstanding, issue shares of Common Stock as a dividend or distribution on shares of Common Stock, or if the Company effects a share split or share combination in respect of the Common Stock, then the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where

- CR<sub>0</sub> = the Conversion Rate in effect immediately prior to the Close of Business on the Record Date for such dividend or distribution, or the Close of Business on the effective date of such share split or combination, as applicable;
- CR' = the new Conversion Rate in effect immediately after the Close of Business on the Record Date for such dividend or distribution, or the Close of Business on the effective date of such share split or share combination, as applicable;
- OS<sub>0</sub> = the number of shares of Common Stock outstanding immediately prior to the Close of Business on the Record Date for such dividend or distribution, or the Close of Business on the effective date of such share split or share combination, as applicable; and
- OS' = the number of shares of Common Stock outstanding immediately after such dividend or distribution, or the Close of Business on the effective date of such share split or share combination, as applicable.

The Company shall not pay any dividend or make any distribution on shares of Common Stock held in treasury by the Company.

(b) Except as otherwise provided for by Section 8(c), if the Company shall, at any time or from time to time while any of the Series B Preferred Stock is outstanding, distribute to all or substantially all holders of its outstanding shares of Common Stock any options, rights or warrants entitling them for a period of not more than 45 days from the Record Date of such distribution to subscribe for or purchase shares of Common Stock at a price per share less than the Closing Price of the Common Stock on the Trading Day immediately preceding the Record Date of such distribution, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where

- CR<sub>0</sub> = the Conversion Rate in effect immediately prior to the Close of Business on the Record Date for such distribution;
- CR' = the new Conversion Rate in effect immediately after the Close of Business on the Record Date for such distribution;
- OS<sub>0</sub> = the number of shares of Common Stock outstanding immediately prior to the Close of Business on the Record Date for such distribution;
- X = the total number of shares of Common Stock issuable pursuant to such options, rights or warrants; and
- Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such options, rights or warrants divided by the average Closing Price of the Common Stock over the 10 consecutive Trading Day period ending on the Record Date.

To the extent that shares of Common Stock are not delivered pursuant to any such options, rights or warrants that are non-transferable upon the expiration or termination of such options, rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the distribution of such options, rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered.

In determining the aggregate price payable to exercise such options, rights or warrants, there shall be taken into account any amount payable on exercise thereof, with the value of such consideration, if other than cash, to be determined in good faith by the Board of Directors.

(c) If the Company, at any time or from time to time while any of the Series B Preferred Stock is outstanding, shall, by dividend or otherwise, distribute to all or substantially all holders of its Common Stock shares of any class of Capital Stock of the Company, cash, evidences of its indebtedness, assets, property or rights or warrants to acquire Capital Stock or other securities, but excluding (i) dividends or distributions as to which an adjustment under Section 8(a) or Section 8(b) shall apply, (ii) dividends or distributions paid exclusively in cash to the extent that the Series B Preferred Stock participates on an as-converted basis with the Common Stock in a cash dividend or distribution in accordance with Section 4(a), and (iii) Spin-Offs to which the provision set forth below in this Section 8(c) shall apply (any of such shares of Capital Stock, cash, indebtedness, assets, property or rights or warrants to acquire Common Stock or other securities, hereinafter in this Section 8(c) called the “Distributed Property”), then, in each such case the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where

- CR<sub>0</sub> = the Conversion Rate in effect immediately prior to the Close of Business on the Record Date for such distribution;
- CR' = the new Conversion Rate in effect immediately after the Close of Business on the Record Date for such distribution;
- SP<sub>0</sub> = the average Closing Price of the Common Stock over the 10 consecutive Trading Day period ending on the Record Date for such distribution; and
- FMV = (i) for cash dividends or distributions, the amount of cash distributed and (ii) for other Distributed Property, the fair market value (as determined in good faith by the Board of Directors) of the portion of Distributed Property, in each case, with respect to each outstanding share of Common Stock on the Record Date for such distribution.

Notwithstanding the foregoing, if the then fair market value (as so determined) of the portion of the Distributed Property so distributed applicable to one share of Common Stock is equal to or greater than SP<sub>0</sub> as set forth above (a “Liquidating Distribution”), then in lieu of the foregoing adjustment, the Company shall distribute to each holder of Series B Preferred Stock on the date such Distributed Property is distributed to holders of Common Stock, but without requiring such holder to convert its shares of Series B Preferred Stock, the amount of Distributed Property such holder would have received had such holder owned a number of shares of Common Stock equal to the Per Share Amount on the Record Date fixed for determination for shareholders entitled to receive such Liquidating Distribution; provided, however, that the Company shall not distribute Distributed Property to either the holders of the Common Stock or the Preferred Stock to the extent such distribution would be prohibited by any provision of any Debt Document. If the Board of Directors determines the fair market value of any distribution for purposes of this Section 8(c) by reference to the actual or when issued trading market for any securities, it shall in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Common Stock for purposes of calculating SP<sub>0</sub> in the formula in this Section 8(c).

With respect to an adjustment pursuant to this Section 8(c) where there has been a payment of a dividend or other distribution on the Common Stock consisting of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of the Company (a “Spin-Off”), the Conversion Rate in effect immediately before the Close of Business on the 10<sup>th</sup> Trading Day immediately following, and including, the effective date of the Spin-Off shall be increased based on the following formula:

$$CR^1 = CR_0 \times \frac{FMV + MP_0}{MP_0}$$

where

- CR<sub>0</sub> = the Conversion Rate in effect immediately prior to the Close of Business on the 10<sup>th</sup> Trading Day immediately following, and including, the effective date of the Spin-Off;
- CR<sup>1</sup> = the new Conversion Rate in effect from and after the Close of Business on the 10<sup>th</sup> Trading Day immediately following, and including, the effective date of the Spin-Off;
- FMV = the average of the Closing Prices of the Capital Stock or similar equity interest distributed to holders of Common Stock applicable to one share of Common Stock over the 10 consecutive Trading Day period immediately following, and including, the effective date of the Spin-Off; and
- MP<sub>0</sub> = the average Closing Price of the Common Stock over the 10 consecutive Trading Day period calculated immediately following, and including, the effective date of the Spin-Off.

Such adjustment shall occur on the 10<sup>th</sup> Trading Day immediately following, and including, the effective date of the Spin-Off.

For purposes of this Section 8(c), Section 8(a) and Section 8(b) hereof, any dividend or distribution to which this Section 8(c) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock to which Section 8(a) or 8(b) hereof applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of Capital Stock other than such shares of Common Stock or rights or warrants to which Section 8(a) or 8(b) hereof applies (and any Conversion Rate adjustment required by this Section 8(c) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such options, rights or warrants to which Section 8(a) or 8(b) hereof applies (and any further Conversion Rate adjustment required by Section 8(a) and 8(b) hereof with respect to such dividend or distribution shall then be made), except (A) the Close of Business on the Record Date of such dividend or distribution shall be substituted for “the Close of Business on the Record Date,” “the Close of Business on the Record Date or the Close of Business on the effective date,” “after the Close of Business on the Record Date for such dividend or distribution or the Close of Business on the effective date of such share split or share combination” and “the Close of Business on the Record Date for such distribution” within the meaning of Section 8(a) and 8(b) hereof and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed “outstanding immediately prior to the Close of Business on the Record Date or the Close of Business on the effective date” within the meaning of Section 8(a) hereof.

If the Company shall, at any time or from time to time while any of the Series B Preferred Stock is outstanding, distribute options, rights or warrants to all or substantially all holders of Common Stock entitling the holders thereof to subscribe for, purchase or convert into shares of Capital Stock (either initially or under certain circumstances), which options, rights or warrants, until the occurrence of a specified event or events (“Trigger Event”): (x) are deemed to be transferred with such shares of Common Stock; (y) are not exercisable; and (z) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 8(c), (and no adjustment to the Conversion Rate under this Section 8(c) shall be required) until the occurrence of the earliest Trigger Event and a distribution or deemed distribution under the terms of such options, rights or warrants at which time an appropriate adjustment (if any is required) to the Conversion Rate shall be made in the same manner as provided for under this Section 8(c). If any such options, rights or warrants are subject to events, upon the occurrence of which such options, rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Record Date with respect to new options, rights or warrants for purposes of this Section 8(c) (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of options, rights or warrants (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 8(c) was made, (1) in the case of any such options, rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a distribution under this Section 8(c), equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such options, rights or warrants (assuming such holder had retained such options, rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such options, rights or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such options, rights or warrants had not been issued.

## **Section 9. Voting Rights.**

**(a) General.** The holders of shares of Series B Preferred Stock shall be entitled to vote with the holders of shares of Common Stock on all matters submitted to a vote of shareholders of the Company, except as otherwise provided herein or by applicable law. Each holder of shares of Series B Preferred Stock shall be entitled to the number of votes equal to the largest number of whole shares of Common Stock into which all shares of Series B Preferred Stock held of record by such holder could then be converted pursuant to Section 7 at the record date for the determination of the shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is first executed. The holders of shares of Series B Preferred Stock shall be entitled to notice of any meeting of shareholders of the Company in accordance with the Bylaws.

**(b) Class Voting Rights as to Particular Matters.** In addition to any other vote or consent of shareholders required by law or by the Certificate of Incorporation, the affirmative vote or consent of the Investor Majority, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting any of the actions described in clauses (1) through (3) below:

### **(1) Dividends, Repurchase and Redemption.**

(A) The declaration or payment of any dividend or distribution on Common Stock, other Junior Stock or Parity Stock (other than (i) a dividend payable solely in Junior Stock and (ii) dividends or distributions paid exclusively in cash to the extent that the Series B Preferred Stock participates on an as-converted basis with the Common Stock in a cash dividend or distribution in accordance with Section 4(a)) if, at the time of such declaration, payment or distribution, dividends on the Series B Preferred Stock have not been paid in full in cash; or

(B) the purchase, redemption or other acquisition for consideration by the Company, directly or indirectly, of any Common Stock, other Junior Stock or Parity Stock (except as necessary to effect (1) a reclassification of Junior Stock for or into other Junior Stock, (2) a reclassification of Parity Stock for or into other Parity Stock with the same or lesser aggregate liquidation preference, (3) a reclassification of Parity Stock into Junior Stock, (4) the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, (5) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock with the same or lesser per share liquidation amount or (6) the exchange or conversion of one share of Parity Stock into Junior Stock), in each case if, at the time of such purchase, redemption or other acquisition, dividends on the Series B Preferred Stock have not been paid in full in cash;

**(2) Amendment of Series B Preferred Stock.** Any amendment, alteration or repeal of any provision of the Certificate of Incorporation or Certificate of Designations so as to adversely affect the relative rights, preferences, privileges or voting powers of the Series B Preferred Stock; or

(3) **Authorizations, Issuances and Reclassifications.** The authorization or creation of, issuance of, or reclassification into, Parity Stock (including additional shares of the Series B Preferred Stock) or Capital Stock that would rank senior to the Series B Preferred Stock.

(c) **Changes after Provision for Redemption.** No vote or consent of the holders of Series B Preferred Stock shall be required pursuant to Section 9(b) if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of Series B Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 6 above.

#### **Section 10. Reorganization Events.**

(a) In the event of:

(1) any consolidation or merger of the Company with or into another Person or of another Person with or into the Company;

(2) any sale, transfer, lease or conveyance to another Person of the property of the Company as an entirety or substantially as an entirety;

(3) any statutory share exchange of the Company with another Person (other than in connection with a merger or acquisition); or

(4) any tender offer or exchange offer which, in combination with any related transactions, would result in a Change of Control of the Company (in which case, the Reorganization Event for such purposes shall be all such transactions taken together),

in each case in which holders of Common Stock would be entitled to receive cash, securities or other property for their shares of Common Stock (any such event specified in this Section 10(a), a "Reorganization Event"), each share of Series B Preferred Stock outstanding immediately prior to such Reorganization Event shall (subject to conversion rights pursuant to Section 7), in the event of a Change of Control, be exchanged for (or in the event that the transaction is not a Change of Control, be exchanged for the right to receive upon conversion of the Series B Preferred Stock thereafter at the time of the holder's election, in accordance with the terms hereof) whichever of the following has the greatest value (as determined by the Board of Directors in its reasonable discretion): (A) an amount in cash equal to the sum of (1) the Liquidation Preference per share of the Series B Preferred Stock *plus* (2) an amount per share equal to accrued but unpaid dividends to but excluding the date on which such Reorganization Event occurs (the "Reorganization Event Date"); and (B) an amount equal to the *product* of (I) the Per Share Amount as of the Reorganization Event Date *multiplied* by (II) the amount of cash, securities or other property (such securities or other property having a value equal to its fair market value as reasonably determined by the Board of Directors) distributed or to be distributed in respect of the Common Stock in connection with such Reorganization Event to a holder of Common Stock that was not the counterparty to the Reorganization Event or an Affiliate of such counterparty (such cash, securities and other property, the "Exchange Property"); provided, however, that the Company shall not distribute cash, securities or other property as provided in this Section 10(a) to either the holders of the Common Stock or the Series B Preferred Stock to the extent such distribution would be prohibited by any provision of any Debt Document or Senior Stock. In case of any Reorganization Event, provision shall be made in such transaction so that the holders of any Series B Preferred Stock shall be entitled, but not obligated, to participate in whole or in part in such Reorganization Event directly by surrendering such Series B Preferred Stock in exchange for the Exchange Property receivable in such Reorganization Event applicable to such Series B Preferred Stock on an as converted basis.

(b) In the event that (i) the Board of Directors determines pursuant to Section 10(a) that the Series B Preferred Stock shall be exchanged for Exchange Property and (ii) the holders of the shares of the Common Stock have the opportunity to elect the form of consideration to be received in such transaction, the "Exchange Property" that holders of the Series B Preferred Stock shall be entitled to receive shall be determined by the holders of a majority of the outstanding shares of Series B Preferred Stock.

(c) The above provisions of this Section 10 shall similarly apply to successive Reorganization Events.

(d) Notwithstanding anything to the contrary, Section 10(a) shall not apply in the case of, and a Reorganization Event shall not be deemed to be, a merger, consolidation, reorganization or statutory share exchange (x) among the Company and its direct and indirect Subsidiaries or (y) between the Company and any Person for the primary purpose of changing the domicile of the Company (a “Internal Reorganization Event”). Without limiting the rights of the holders of the Series B Preferred Stock set forth in Section 9(b)(2), the Company shall not effectuate an Internal Reorganization Event unless the Series B Preferred Stock shall be outstanding as a class of preferred stock of the surviving company having the same rights, terms, preferences, liquidation preference and accrued and unpaid dividends as the Series B Preferred Stock in effect immediately prior to such Internal Reorganization Event, as adjusted for such Internal Reorganization Event pursuant to this Certificate of Designations after giving effect to any such Internal Reorganization Event. The Company (or any successor) shall, within 20 days of the occurrence of any Internal Reorganization Event, provide written notice to the holders of the Series B Preferred Stock of the occurrence of such event. Failure to deliver such notice shall not affect the operation of this Section 10(d) or the validity of any Internal Reorganization Event.

**Section 11. Record Holders.** To the fullest extent permitted by applicable law, the Company may deem and treat the record holder of any share of the Series B Preferred Stock as the true and lawful owner thereof for all purposes, and the Company shall not be affected by any notice to the contrary.

**Section 12. Notices.**

(a) **General.** All notices or communications in respect of the Series B Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Certificate of Incorporation or Bylaws or by applicable law or regulation. Notwithstanding the foregoing, if the Series B Preferred Stock is issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of the Series B Preferred Stock in any manner permitted by such facility.

(b) **Notice of Certain Events.** The Company shall, to the extent not included in the Exchange Act reports of the Company, provide reasonable written notice to each holder of the Series B Preferred Stock of any event the occurrence of which would result in an adjustment to the Conversion Rate, including the then applicable Conversion Rate.

**Section 13. Replacement Certificates.** The Company shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Company. The Company shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Company of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be required by the Company.

**Section 14. Other Rights.** The shares of Series B Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law and regulation.

**Section 15. Further Assurances.** The Company shall take such actions as are reasonably required in order for the Company to satisfy its obligations under this Certificate of Designations, including, without limitation, using reasonable best efforts in obtaining the approval of the holders of any class or series of Capital Stock or making any filings, in each case as required pursuant to applicable law or the listing requirements (if any) of any national securities exchange on which any class or series of Capital Stock is then listed or traded. The Company further agrees to cooperate with the holders of Series B Preferred in the making of any filings under applicable law that are to be made by the Company or any such holder in connection with the exercise of any such holder's rights hereunder.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designations to be duly executed and acknowledged by its undersigned duly authorized officer this 3<sup>rd</sup> day of May, 2017.

**HOUSTON AMERICAN ENERGY CORP.**

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

Name: John P. Boylan

Title: President and Chief Executive Officer

NEITHER THIS WARRANT REPRESENTED BY THIS CERTIFICATE NOR THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED OR QUALIFIED FOR SALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY SECURITIES LAWS. NEITHER THIS WARRANT NOR THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF THIS WARRANT MAY BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OF THE SECURITIES UNDER SAID ACT AND ANY OTHER APPLICABLE SECURITIES LAWS, OR RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE COMPANY THAT SUCH SALE OR TRANSFER OF SUCH SECURITIES IS EXEMPT FROM REGISTRATION UNDER THE ACT AND ANY OTHER APPLICABLE SECURITIES LAWS.

**WARRANT TO PURCHASE COMMON SHARES OF  
HOUSTON AMERICAN ENERGY CORP.**

No. 2017-\_\_

May 3, 2017

THIS CERTIFIES that, for value received, \_\_\_\_\_ (together with its successors and assigns, the "Holder") is entitled, subject to the terms and conditions set forth below, to subscribe for and purchase \_\_\_\_\_ (\_\_\_\_\_) fully paid and non-assessable Common Shares (as defined below) of Houston American Energy Corp., a Delaware corporation (together with its successors and assigns, the "Company"), subject to adjustment in accordance with Section 2.7, at a purchase price per Common Share equal to \$0.43 per share (the "Exercise Price").

This warrant (this "Warrant") is exercisable on or after the date hereof and expires at 5:00 p.m., Houston, Texas time, on the Expiration Date (as defined below).

This Warrant is one of a series of Warrants issued as part of units with 12.0% Series B Convertible Preferred Stock of the Company pursuant to Securities Purchase Agreements, dated on or about the date hereof, between the Company and the initial Holders.

**ARTICLE I  
DEFINITIONS**

1.1 Definitions. As used herein, the following terms shall have the meanings set forth below:

"Commission" shall mean the U.S. Securities and Exchange Commission or any other United States Federal agency administering the Securities Act and/or the Exchange Act at the time.

"Common Shares" shall mean and include the shares of common stock of the Company, par value \$0.001 per share, or any such other securities (equity or debt) into which or for which such shares are converted, substituted or exchanged.

"Company" shall have the meaning set forth in the introduction hereto.

"Convertible Securities" shall mean debt instruments, units, interests or other securities which are convertible into or exercisable or exchangeable for, with or without payment of additional consideration in cash or property into, Common Shares, either immediately or upon a specified date or the happening of a specified event.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any successor Federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect from time to time.

"Exercise Date" shall have the meaning set forth in Section 2.1.

"Exercise Price" shall have the meaning set forth in the preamble hereto, as may be adjusted from time to time.

"Expiration Date" shall mean the date that is 9 months from the date of issuance of this Warrant.

"Holder" shall have the meaning set forth in the preamble hereto.

“Registrable Securities” shall mean (i) the Warrant Shares (whether or not the related Warrants have been exercised) and (ii) any other securities issued or issuable with respect to the Warrants or Warrant Shares by way of stock dividends or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (A) they are sold pursuant to an effective Registration Statement under the Securities Act, (B) they are sold pursuant to Rule 144 (or any similar provision then in force under the Securities Act) and the transferee thereof does not receive “restricted securities” as defined in Rule 144, (C) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities in accordance with Section 3.3 of this Warrant, or (D) they become eligible for resale pursuant to Rule 144(d) (or any similar rule then in effect). No Registrable Securities may be registered under more than one Registration Statement at any one time.

“Securities Act” shall mean the United States Securities Act of 1933, as amended, or any successor United States Federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect from time to time.

“Warrant” shall have the meaning set forth in the introduction hereto.

“Warrant Office” shall have the meaning set forth in Section 3.1.

“Warrant Shares” shall mean the Common Shares into which this Warrant may be exercised.

1.2 Accounting Terms and Determinations. Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Holder hereunder shall be prepared, in accordance with accounting principles generally accepted in the United States (“GAAP”). All calculations made for the purposes of determining compliance with the terms of this Warrant shall (except as otherwise expressly provided herein) be made by application of GAAP.

1.3 Rules of Construction. The title of and the section and paragraph headings in this Warrant are for convenience of reference only and shall not govern or affect the interpretation of any of the terms or provisions of this Warrant. The use herein of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Warrant has been chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party. In the case of this Warrant, (a) the meanings of defined terms are equally applicable to the singular and plural forms of the defined terms; (b) Annex, Exhibit, Schedule and Section references are to this Warrant unless otherwise specified; (c) the term “including” is not limiting and means “including but not limited to”; (d) in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including”; (e) unless otherwise expressly provided in this Warrant, (i) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Warrant, and (ii) references to any statute or regulation shall be construed as including all statutory and regulatory provisions amending, replacing, supplementing or interpreting such statute or regulation; and (f) this Warrant may use several different limitations, tests or measurements to regulate the same or similar matters, all of which are cumulative and each shall be performed in accordance with its terms.

**ARTICLE II**  
**EXERCISE OF WARRANTS**

2.1 Method of Exercise.

(a) This Warrant may be exercised in whole or in part by the Holder hereof at any time on or after the date hereof, and from time to time, before 5:00 p.m., Houston, Texas time, on the Expiration Date. To exercise this Warrant, the Holder hereof shall deliver to the Company, at the Warrant Office designated herein, (i) a written notice in the form of the Subscription Notice attached as Exhibit A hereto, stating therein the election of such Holder to exercise this Warrant in the manner provided in the Subscription Notice, (ii) payment in full of the Exercise Price as provided in Section 2.1(b), and (iii) this Warrant. This Warrant shall be deemed to be exercised on the date of receipt by the Company of the Subscription Notice, accompanied by payment for the Warrant Shares and surrender of this Warrant, and such date is referred to herein as the "Exercise Date." If the Holder exercises this Warrant as set forth herein, then the Company shall, as promptly as practicable and in any event within 5 business days after the Exercise Date, issue and deliver, or cause to be issued and delivered, to such Holder a certificate or certificates for the full number of Warrant Shares set forth in the Subscription Agreement. As permitted by applicable law, the Person in whose name the certificates for Common Shares are to be issued shall be deemed to have become a holder of record of such Common Shares on the Exercise Date and shall be entitled to all of the benefits of such holder on the Exercise Date, including the right to receive dividends and other distributions for which the record date falls on or after the Exercise Date and to exercise voting rights.

(b) The Holder shall pay the Exercise Price for all Warrant Shares purchased hereunder in full in cash or by certified check or wire transfer of immediately available funds.

2.2 Warrant Shares. The maximum number of Common Shares that Holder is entitled to purchase hereunder shall be \_\_\_\_\_ shares, as may be adjusted, on the terms and conditions set forth herein.

2.3 Expenses and Taxes. The Company shall pay all expenses and taxes (including all documentary, stamp, transfer or other transactional taxes) attributable to the preparation, issuance or delivery of this Warrant and of the Common Shares issuable upon exercise of this Warrant, other than income taxes.

2.4 Reservation of Common Shares. So long as this Warrant remains outstanding, the Company shall reserve, free from preemptive or similar rights, out of its authorized but unissued Common Shares, and solely for the purpose of effecting the exercise of this Warrant, a sufficient number of Common Shares to provide for the exercise of this Warrant.

2.5 Valid Issuance. All Common Shares issued upon exercise of this Warrant will, upon payment of the Exercise Price and issuance by the Company, be duly authorized, validly and legally issued, fully paid and nonassessable and free and clear of all taxes, liens, security interests, charges and other encumbrances or restrictions with respect to the issuance thereof and, without limiting the generality of the foregoing, the Company shall take all actions necessary to ensure such result and shall not take any action which will cause a contrary result.

2.6 Acknowledgment of Rights. At the time of the exercise of this Warrant in accordance with the terms hereof and upon the written request of the Holder hereof, the Company will acknowledge in writing its continuing obligation to afford to such Holder any rights to which such Holder shall continue to be entitled after such exercise in accordance with the provisions of this Warrant; provided, however, that if the Holder hereof shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to such Holder any such rights.

2.7 Adjustment of Number of Shares. To prevent dilution of the rights granted under this Warrant, the Exercise Price and the number of Common Shares purchasable hereunder are subject to adjustment from time to time as follows:

(a) Conversion or Redemption of Common Shares. Should all of the Common Shares be at any time prior to the Expiration Date redeemed, exchanged, substituted or converted into shares or any other security of the Company, then this Warrant shall become immediately exercisable prior to such event for that number of Common Shares equal to the number of Common Shares that would have been received if this Warrant had been exercised in full and the Common Shares received thereupon had been simultaneously converted immediately prior to such event, and the Exercise Price shall immediately be adjusted to equal the quotient obtained by dividing (i) the aggregate Exercise Price of the maximum number of shares of Common Shares for which this Warrant was exercisable immediately prior to such conversion, exchange, substitution or redemption, by (ii) the number of shares of Common Shares for which this Warrant is exercisable immediately after such conversion, exchange, substitution or redemption.

(b) Offer. If at any time while this Warrant, or any portion hereof, is outstanding and unexpired there shall be an offer for all of the Common Shares whether in the form of cash, securities or otherwise, then, as a part of such offer, lawful provision shall be made so that the Holder of this Warrant shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares or other securities of the offeror that a holder of the Common Shares issuable upon exercise of this Warrant would have been entitled to receive in such offer if this Warrant had been exercised immediately before such offer, all subject to further adjustment as provided in this Section 2.7. The foregoing provisions of this Section 2.7(b) shall similarly apply to successive offers and to the shares that are at the time receivable upon the exercise of this Warrant. If the per-share consideration payable to the Holder hereof for shares in connection with any such offer is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors. In all events, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

(c) Reclassification. If the Company, at any time while this Warrant, or any portion hereof, remains outstanding and unexpired by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 2.7. No adjustment shall be made pursuant to this Section 2.7(c), upon any conversion, exchange, substitution or redemption of the Common Shares that is the subject of Section 2.7(a).

(d) Split, Subdivision or Combination of Shares. If the Company at any time while this Warrant, or any portion hereof, remains outstanding and unexpired shall split, subdivide or consolidate the securities as to which purchase rights under this Warrant exist, into a different number of securities of the same class, the Exercise Price for such securities shall be proportionately decreased in the case of a split or subdivision or proportionately increased in the case of a combination and the number of Common Shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of all Common Shares issuable upon exercise of this Warrant shall remain unchanged.

(e) Adjustments for Dividends in Shares or Other Securities or Property. If while this Warrant remains outstanding and unexpired, the holders of the securities as to which purchase rights under this Warrant exist at the time shall have received, or, on or after the record date fixed for the determination of eligible shareholders, shall have become entitled to receive, without payment therefor, other or additional shares or other securities or property (other than cash) of the Company by way of dividend, then and in each case, this Warrant shall represent the right to acquire, in addition to the number of shares of the security receivable upon exercise of this Warrant, and without payment of any additional consideration therefor, the amount of such other or additional shares or other securities or property (other than cash) of the Company that such holder would hold on the date of such exercise had it been the holder of record of the security receivable upon exercise of this Warrant on the date hereof and had thereafter, during the period from the date hereof to and including the date of such exercise, retained such shares and/or all other additional shares available by it as aforesaid during such period, giving effect to all adjustments called for during such period by the provisions of this Section 2.7.

(f) Other Dilutive Events. In case any event shall occur as to which the provisions of this Section 2.7 are not strictly applicable, but the failure to make any adjustment would not fairly protect the purchase rights presented by the Warrants in accordance with the essential intent and principles of this Section 2.7, then, in each such case, the Company shall make a good faith adjustment to the Exercise Price and the number of Common Shares in accordance with the intent of this Section 2.7 and, upon the written request of the Holder, shall appoint an independent financial expert, which shall give their opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles of this Section 2.7.

(g) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 2.7, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Warrant a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments, (ii) the Exercise Price at the time in effect, and (iii) the number of shares and the amount, if any, of other property that at the time would be received upon the exercise of the Warrant.

(h) No Impairment. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 2.7 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder of this Warrant against impairment.

2.8 No Fractional Common Shares. The Company shall not be required to issue any fractional Common Share on the exercise of this Warrant. The number of full Common Shares which shall be issuable upon such exercise shall be computed on the basis of the aggregate number of whole Common Shares purchasable on exercise of this Warrant so presented. If any fraction of a Common Shares would, except for the provisions of this Section 2.8, be issuable on the exercise of this Warrant, the Company shall round up the total number of Common Shares purchasable hereunder to the next whole Common Share.

### ARTICLE III TRANSFER

3.1 Warrant Office. The Company shall maintain an office for certain purposes specified herein (the “Warrant Office”), which office shall be the Company’s principal executive offices, and may subsequently be such other office of the Company or of any transfer agent of the Common Shares as to which written notice has previously been given to the Holder. The Company shall maintain, at the Warrant Office, a register for this Warrant in which the Company shall record (a) the name and address of the Person in whose name this Warrant has been issued (as well as the name and address of each permitted assignee of the rights of the registered owner hereof) and (b) the number of Warrant Shares issuable upon the exercise or exchange hereof.

3.2 Ownership of Warrant. The Company may deem and treat the Person in whose name this Warrant is registered as the Holder and owner hereof until provided with written notice to the contrary.

#### 3.3 Restrictions on Transfer of Warrant.

(a) The Warrant and the Warrant Shares are not transferable directly or indirectly, in whole or in part, except in the case of any transfer that is in compliance with applicable U.S. federal and state securities laws, including the Securities Act. Any transfers of the Warrant will be without charge to the Holder except that any securities transfer taxes due on transfer of the Warrant will be paid by Holder. Restrictive legends setting forth the above restrictions on transfer will be set forth on any Warrant Shares issued on exercise of the Warrant.

(b) Subject to Section 3.3(a), the Holder may assign, convey or transfer this Warrant and any rights hereunder without the prior written consent of the Company to any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Holder or the parent of the Holder, or a successor in interest to the Holder which acquires the voting control of the Holder or all or substantially all of the Holder’s assets. The rights and obligations of the Company and the Holder under this Warrant shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

**ARTICLE IV  
MISCELLANEOUS**

4.1 Entire Agreement. This Warrant contains the entire agreement between the Holder hereof and the Company with respect to the Warrant Shares purchasable upon exercise hereof and the related transactions and supersede all prior arrangements or understandings with respect thereto.

4.2 Governing Law. This Warrant shall be a contract made under and governed by the internal laws of the State of Texas applicable to contracts made and to be performed entirely within such state, without regard to conflict of law principles.

4.3 Waiver and Amendment. Any term or provision of this Warrant may be waived at any time by the party which is entitled to the benefits thereof. Any term or provision of this Warrant may be amended or supplemented at any time by agreement of the Holder hereof and the Company. Any waiver of any term or condition, or any amendment or supplementation, of this Warrant shall be in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Warrant shall not in any way affect, limit or waive a party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Warrant.

4.4 Severability. In the event that any one or more of the provisions contained in this Warrant shall be determined to be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in any other respect and the remaining provisions of this Warrant shall not, at the election of the party for whom the benefit of the provision exists, be in any way impaired.

4.5 Copy of Warrants. A copy of this Warrant shall be filed among the records of the Company.

4.6 Notice. Any notice or other document required or permitted to be given or delivered to the Holder hereof shall be in writing and delivered at, or sent by certified or registered mail or by facsimile to such Holder at, the last address shown on the books of the Company maintained at the Warrant Office for the registration of this Warrant or at any more recent address of which the Holder hereof shall have notified the Company in writing. Any notice or other document required or permitted to be given or delivered to the Company, other than such notice or documents required to be delivered to the Warrant Office, shall be delivered at, or sent by certified or registered mail or by facsimile to, the Warrant Office.

4.7 Limitation of Liability; Rights as a Shareholder. No provision hereof, in the absence of affirmative action by the Holder hereof to purchase Common Shares, and no mere enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of such Holder for the purchase price of any Common Shares or as a shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company. Except as otherwise provided herein, this Warrant does not confer upon the Holder any right to vote or consent to or to receive notice as a shareholder of the Company, in respect of any matters whatsoever.

4.8 Exchange, Loss, Destruction, etc. of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, mutilation or destruction of this Warrant, and in the case of any such loss, theft or destruction upon delivery of an appropriate affidavit in such form as shall be reasonably satisfactory to the Company and include reasonable indemnification of the Company, or in the event of such mutilation upon surrender and cancellation of this Warrant, the Company will make and deliver a new Warrant of like tenor, in lieu of such lost, stolen, destroyed or mutilated Warrant. Any Warrant issued under the provisions of this Section 4.8 in lieu of any Warrant alleged to be lost, destroyed or stolen, or in lieu of any mutilated Warrant, shall constitute an original contractual obligation on the part of the Company. This Warrant shall be promptly canceled by the Company upon the surrender hereof in connection with any exchange or replacement. The Company shall pay all taxes (other than securities transfer taxes or income taxes) and all other expenses and charges payable in connection with the preparation, execution and delivery of Warrants pursuant to this Section.

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IN WITNESS WHEREOF, the Company has caused this Warrant to be signed in its name.

Dated: May 3, 2017.

HOUSTON AMERICAN ENERGY CORP.

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

Name: John P. Boylan

Title: President

**THIS IS A SIGNATURE PAGE TO THE WARRANT**

HUSA – Warrant (2017 Unit Offering)

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EXHIBIT A

SUBSCRIPTION NOTICE

Date: \_\_\_\_\_, 2017

Houston American Energy Corp.  
801 Travis St., Suite 1425  
Houston, TX 77002  
Attention: John P. Boylan

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby elects to exercise this Warrant issued to it by Houston American Energy Corp. (the "Company") and dated as of May 3, 2017 (the "Warrant") and to purchase thereunder \_\_\_\_\_ shares of Common Stock of the Company (the "Common Shares") at a purchase price of \$0.43 per Share, or an aggregate purchase price of \$\_\_\_\_\_ (the "Purchase Price").

In connection with the exercise of the Warrant, the Purchaser hereby represents, warrants, covenants and agrees as follows:

(a) Accredited Investor. The Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (together with the rules and regulations promulgated by the Securities and Exchange Commission thereunder, the "Securities Act").

(a) Investment Experience. The Purchaser has sufficient knowledge and experience in business, financial and investment matters so as to be able to evaluate the risks and merits of its investment in the Company and it is able financially to bear the risks thereof.

(b) Company Information; No General Solicitation. The Purchaser had access to such information regarding the Company and its affairs as is necessary to enable it to evaluate the merits and risks of an investment in restricted securities of the Company and has had a reasonable opportunity to ask questions and receive answers and documents concerning the Company and its current and proposed operations, financial condition, business, business plans and prospects. The Purchaser has not been offered any of the Common Shares by any means of general solicitation or advertising.

(c) Acquisition for Own Account. The Common Shares being issued to and acquired by the Purchaser are being acquired by it for its own account for the purpose of investment and not with a view to, or for resale in connection with, any distribution thereof. The Purchaser understands that it must bear the economic risk of such investment indefinitely, and hold the Common Shares indefinitely, unless a subsequent disposition of the Common Shares is registered pursuant to the Securities Act, or an exemption from such registration is available. The Purchaser further understands that there is no assurance that any exemption from the Securities Act will be available or, if available, that such exemption will allow it to dispose of or otherwise transfer any or all of the Common Shares under the circumstances, in the amounts or at the times the Purchaser might propose.

(d) Restricted Securities.

(i) The Purchaser understands and acknowledges that none of the offer, issuance or sale of the Common Shares has been registered under the Securities Act in reliance on an exemption from the registration requirements of the Securities Act.

HUSA – Warrant (2017 Unit Offering)

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(ii) The Purchaser understands and acknowledges that the Common Shares may be subject to additional restrictions on transfer under state and/or federal securities laws.

Pursuant to the terms of the Warrant, the undersigned has delivered the Purchase Price herewith in full in cash, by certified check or wire transfer pursuant to the provisions thereof.

Very truly yours,

[HOLDER]

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

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

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

HUSA – Warrant (2017 Unit Offering)

## SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (this "Agreement"), dated as of May \_\_, 2017, is made by and among Houston American Energy Corp., a Delaware corporation (the "Company"), and each purchaser listed on Annex A hereto and executing this Agreement (each, an "Investor" and, collectively, the "Investors" and, together with the Company, the "Parties").

**WHEREAS**, each of the Company and the Investors is executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act; and

**WHEREAS**, the Investors wish to purchase from the Company, and the Company wishes to sell and issue to the Investors, upon the terms and conditions stated in this Agreement, an aggregate of up to 1,000 units (the "Units"), each Unit consisting of (i) one share of 12.0% Series B Convertible Preferred Stock, par value \$0.001 per share, of the Company (the "Preferred Securities"), the rights, preferences and privileges of which are to be set forth in a Certificate of Designation, in the form attached hereto as Exhibit A (the "Certificate of Designation"), which shares of Preferred Securities shall be convertible into, subject to adjustment in accordance thereunder, shares of Common Stock (as defined below), subject to certain restrictions, and (ii) a Warrant, in the form attached hereto as Exhibit B (the "Warrants"), to purchase 3,300 shares of Common Stock.

**NOW, THEREFORE**, in consideration of the mutual agreements, representations, warrants and covenants contained herein, the Parties hereto agree as follows:

### ARTICLE I AUTHORIZATION, PURCHASE AND SALE OF UNITS

Section 1.1 Authorization, Purchase and Sale. On the terms and subject to the conditions set forth in this Agreement, and in reliance on the representations, warranties, covenants and other agreements set forth in this Agreement, at the Closing, the Company shall issue and sell to the several Investors, and the several Investors shall purchase from the Company, the number of Units (consisting of Preferred Securities and Warrants) set forth next to each such Investor's name on the signature page. The purchase price per Unit shall be \$1,000 and the aggregate purchase price (the "Purchase Price") for the Units shall be the amount set forth on Annex A.

Section 1.2 Preferred Securities and Warrants. The Preferred Securities and Warrants shall (i) be issued at the Closing to the Investors on the terms and subject to the conditions set forth in this Agreement, (ii) be registered to the Investors in the Company's records and (iii) have the rights, preferences, powers, and the qualifications, restrictions and limitations, set forth, (x) as to the Preferred Securities, in the Certificate of Designation, and (y) as to the Warrants, in the Warrant.

#### Section 1.3 Closing.

(a) The consummation of the purchase and sale of the Units on the terms and subject to the conditions set forth in this Agreement shall take place at one or more closings (each being a "Closing") at the offices of the Company, 801 Travis Street, Suite 1425, Houston, Texas 77002, within two Business Days following the satisfaction or waiver of each of the conditions set forth in Article IV with respect to the Closing (other than those condition which, by their terms, are to be satisfied or waived at the Closing), or at such other time and place as the Company the respective Investor(s) shall agree. The time and date upon which each Closing occurs is herein referred to as the "Closing Date."

#### (b) Closing Deliveries:

(i) At the Closing, the Company shall deliver to each Investor (a) a certificate representing the Preferred Securities, and (b) a duly executed Warrant, each representing the number of Units purchased; and

(ii) At the Closing, each Investor shall deliver to the Company, by bank check or wire transfer of immediately available funds to an account designated by the Company, an amount equal to the portion of the Purchase Price set forth next to such Investor's name on the signature page hereof.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

The Company hereby represents and warrants as of the date hereof and the applicable Closing Date (except for the representations and warranties that speak as of a specific date, which shall be made as of such date) to each of the Investors as follows:

Section 2.1 Organization; Powers. Each of the Company and its Subsidiaries (a) is a legal entity duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the U.S.) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and (c) is qualified to do business as a foreign corporation (or other legal entity) and is in good standing in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. The organizational or governing documents of the Company and each of its Subsidiaries are in full force and effect. Neither the Company nor any Subsidiary is in violation of its organizational or governing documents.

Section 2.2 Authorization. The Company has all requisite corporate power and, except for the filing of the Certificate of Designation with the Secretary of State of the State of Delaware, has taken all requisite action on the part of the Company, its officers, directors and stockholders necessary for (a) the authorization, execution and delivery of the Related Agreements, (b) the authorization of the performance of all obligations of the Company thereunder, and (c) the authorization, issuance (or reservation for issuance) and delivery of the Preferred Securities and Warrants. Each of the Related Agreements has been (or upon delivery will have been) duly executed by the Company and is, or when delivered in accordance with the terms hereof, will constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as may be limited by: (i) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally; (ii) applicable United States federal or state securities laws limits on indemnification; and (iii) the effect of rules of law governing the availability of equitable remedies.

Section 2.3 Registration Requirements. (i) Assuming the accuracy of the representations made by the Investors in Article III, the offer, issuance and sale of the Units pursuant to this Agreement is exempt from registration requirements of the Securities Act and will have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable Blue Sky laws; and (ii) neither the Company nor, to the knowledge of the Company, any authorized representative acting on its behalf has taken or will take any action hereafter that would cause the loss of such exemptions or qualifications.

Section 2.4 No Conflict. The execution, delivery and performance by the Company of the Related Agreements, the issuance and sale of the Units hereunder and the issuance of the Common Stock upon conversion of the Preferred Securities or exercise of the Warrants and the consummation of the other transactions contemplated by the Related Agreements does not and will not (i) conflict with or result in a breach of or constitute (alone or with due notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or violation of any of the terms or provisions of, or result in the creation or imposition of any lien, charge or encumbrance upon any property or asset of the Company or any of its subsidiaries, including any Equity Interest of the Company's subsidiaries, now owned or subsequently acquired or formed, pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument, including secured Indebtedness, to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property or asset of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Company or any of its subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation, default, lien, charge or encumbrance that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 2.5 Enforceability. This Agreement has been duly executed and delivered by the Company and constitutes, and each other Related Agreement to which the Company is a party when executed and delivered by the Company, shall constitute, a legal, valid and binding obligation of the Company, enforceable in accordance with its terms, subject to (i) the effects of applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting or relating to creditors' rights generally, (ii) applicable United States federal or state securities laws limits on indemnification and (iii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 2.6 Governmental Consents. No consent, approval, order, or authorization of, or filing or registration with, or notification to, any Governmental Authority or any trading exchange is required on the part of the Company or its Subsidiaries in connection with (a) the execution, delivery or performance of the Related Agreements and the consummation of the transactions contemplated hereby and thereby, or (b) the issuance of the Units or the issuance of the Common Stock upon conversion of the Preferred Securities in accordance with the Certificate of Designation and the exercise of the Warrants, except (i) as required by the SEC in connection with the Company's obligations under Section 5.3, (ii) as may be required under the state securities or "Blue Sky" laws, (iii) as may be required by the rules and regulation of the NYSE MKT, or (iv) the filing of the Certificate of Designation with the Secretary of State of the State of Delaware.

Section 2.7 SEC Reports: Financial Statements.

(a) Except as disclosed in the SEC Filings, the Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under applicable U.S. securities laws (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Filings"), including the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 2016. Each SEC Filing complied as of its filing date, as to form in all material respects with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, each as in effect on the date such SEC Filing was filed (and, if amended or superseded by a filing prior to the date of this Agreement, on the date of such amended or superseded filing). As of its filing date (and, if amended or superseded by a filing prior to the date of this Agreement, on the date of such amended or superseded filing), each SEC Filing did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) The consolidated financial statements (including all related notes and schedules) of the Company and its Subsidiaries included in the SEC Filings (collectively, the "Company Financial Statements") (i) comply in all material respects with the published rules and regulations of the SEC with respect thereto and (ii) fairly present, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the dates indicated and the results of their operations and their cash flows for the periods therein specified, all in accordance with United States generally accepted accounting principles applied on a consistent basis ("GAAP") throughout the periods therein specified (except as otherwise noted therein, and in the case of quarterly financial statements except for the absence of footnote disclosure and subject, in the case of interim periods, to normal year-end adjustments, the effect of which will not, individually or in the aggregate, be materially adverse, and the absence of footnote disclosure that, if presented, would not differ materially from those included in the audited Company Financial Statements).

Section 2.8 Material Changes: Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Filings, except as specifically disclosed in a subsequent SEC Filing filed prior to the date hereof and excluding the transactions contemplated by this Agreement: (i) there has been no event, occurrence or development that has had or that would reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any material liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses and other liabilities incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the SEC, (iii) the Company has not altered materially its method of accounting or the manner in which it keeps its accounting books and records, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option or stock purchase plans or equity-based plans disclosed in the SEC Filings and (vi) there has not been any material change or amendment to, or any waiver of any material right by the Company under, any Material Contract under which the Company or any of its Subsidiaries is bound or subject. The Company does not have pending before the SEC any request for confidential treatment of information. Except as set forth on Schedule 2.8 and except for the transactions contemplated by this Agreement, no event, liability fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective business, properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation, or with the passage of time, or deemed made that has not been publicly disclosed at least one trading day prior to the date that this representation is made.

Section 2.9 Internal Controls. The Company is in compliance in all material respects with the provisions of the Sarbanes-Oxley Act of 2002 that are currently applicable to the Company. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorizations, (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (c) access to assets and incurrence of liabilities is permitted only in accordance with management's general or specific authorization, and (d) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established effective disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including the Subsidiaries, is made known to the certifying officers by others within those entities. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). Except as disclosed in the SEC Filings, there has been no material weakness in the Company's internal control over financial reporting (whether or not remediated) and, 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.

Section 2.10 Title to Properties. The Company and each of its Subsidiaries has good title to all real properties and good title to all other properties and assets owned by them, in each case free from Liens, encumbrances and defects and 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 to be made thereof by them, except such (a) as are described in the SEC Filings, or (b) that would not materially affect the value thereof or materially interfere with the use made or to be made thereof by them.

Section 2.11 Material Contracts. Neither the Company nor any of its Subsidiaries is in default under or in violation or breach of any Material Contract to which any of them is a party and, to the Company's Knowledge, no third-party defaults exist thereunder, except as would not, individually or in the aggregate, be material to the Company and its Subsidiaries, taken as a whole.

Section 2.12 Litigation; Permits and Compliance with Laws.

(a) Except as set forth in the SEC Filings, there are no (i) investigations or, to the Company's Knowledge, proceedings pending or threatened by any Governmental Authority with respect to the Company or any of its Subsidiaries or any of their properties or assets, (ii) actions, suits or proceedings at law or in equity pending or, to the Company's Knowledge, threatened against or affecting the Company or any of its Subsidiaries, or any of their respective properties or assets, at Law or in equity that would reasonably be expected to result in liability to the Company or its Subsidiaries in excess of \$250,000 or any other material non-monetary liability or restrictions, or (iii) orders, judgments or decrees of any Governmental Authority against the Company or any of its Subsidiaries.

(b) The Company and each of its Subsidiaries possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it (the "Permits"), except where such failure has not had and would not reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole, and such Permits are in full force and effect. The Company and each of its Subsidiaries is in compliance with each of its Permits in all material respects and no material violations are or have been recorded in respect of any Permits. Neither the Company nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Permit that, if determined adversely to the Company or such Subsidiary, would reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole.

(c) None of the Company or any of its Subsidiaries or any of their respective properties or assets is in violation of (nor shall the continued operation of their respective material properties and assets as currently conducted violate) any law, rule or regulation, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 2.13 Taxes. The Company and its Subsidiaries have paid all U.S. federal, and all material state, local and foreign taxes and filed all U.S. federal income Tax Returns and all other material Tax Returns required to be paid or filed through the date hereof; and except as otherwise disclosed in the SEC Filings or as would not, individually or in the aggregate, have a Material Adverse Effect, there is no tax deficiency that has been, or could reasonably be expected to be, asserted against the Company or any of its Subsidiaries or any of their respective properties or assets.

Section 2.14 No Material Misstatements.

(a) All written factual information (other than forward-looking information and information of a general economic nature or industry specific nature) (the “Information”) concerning each of the Company and its Subsidiaries, the Transactions and any other transactions contemplated hereby or otherwise prepared by or on behalf of the foregoing or their respective representatives and made available to the Investors in connection with the Transactions or the other transactions contemplated hereby, when taken as a whole, was true and correct in all material respects, as of the date the Information was furnished to the Investors and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made (giving effect to all supplements and updates provided thereto).

(b) The forward-looking information and information of a general economic nature prepared by or on behalf of the Company or any of its representatives and that have been made available to the Investors in connection with the Transactions or the other transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Company to be reasonable as of the date thereof, as of the date the information was furnished to the Investors.

Section 2.15 Employee Benefit Plans. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (i) no “reportable event” within the meaning of Section 4043(c) of ERISA has occurred during the past five years as to which the Company, any of its Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC; (ii) no ERISA Event has occurred or is reasonably expected to occur; and (iii) none of the Company, any of its Subsidiaries or any of their respective ERISA Affiliates has received any written notification that any “multiemployer plan” (as defined in Section 4001(a)(15) of ERISA) is in reorganization or has been terminated within the meaning of Title IV of ERISA.

Section 2.16 Labor Matters. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect there are no strikes or other labor disputes pending or threatened against the Company or any of its Subsidiaries. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, the consummation of the Transactions shall not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which the Company or any of its Subsidiaries (or any predecessor) is a party or by which the Company or any of its Subsidiaries (or any predecessor) is bound.

Section 2.17 Environmental Matters. Except as disclosed in the SEC Filings and except as to matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) the Company and its Subsidiaries (x) are in compliance with all applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees and orders and other legally enforceable requirements relating to pollution or the protection of human health or safety, the environment, hazardous or toxic substances or wastes, pollutants or contaminants (collectively, “Environmental Laws”); (y) have received and are in compliance with all permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (z) have not received written notice of any actual or threatened liability under or relating to, or any actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice, (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or its subsidiaries and (iii) (x) there is no proceeding that is pending, or that is known to be contemplated, against the Company or any of its Subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceeding regarding which it is reasonably believed no monetary sanctions of \$100,000 or more will be imposed, (y) the Company and its Subsidiaries are not aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws, including the release of hazardous or toxic substances or wastes, pollutants or contaminants, that could reasonably be expected to have a Material Adverse Effect on the capital expenditures, earnings or competitive position of the Company and its Subsidiaries, and (z) none of the Company or its Subsidiaries anticipates material capital expenditures relating to compliance with any Environmental Laws.

Section 2.18 Capitalization.

(a) Prior to the consummation of the Transactions to be effected at the Closing, the authorized Equity Interests of the Company shall consist of (A) 150,000,000 shares of Common Stock, \$0.001 par value per share, of which 51,277,388 shares are issued and outstanding, (B) 10,000,000 shares of preferred stock, \$0.001 par value per share, of which 1,200 shares of Series A Convertible Preferred Stock are issued and outstanding (excluding Preferred Shares issued to the Investors pursuant to this Agreement), and (C) 6,432,165 shares of Common Stock were reserved for issuance upon the exercise of outstanding stock options.

(b) When so issued, sold and delivered, the Preferred Securities, the Warrants and the Common Stock underlying the Preferred Securities and Warrants shall be duly authorized, validly issued, fully paid and non-assessable and free of preemptive rights and other Liens except for restrictions on transfer arising under any applicable securities laws and each other Related Agreement. The Company has reserved a sufficient number of shares of Common Stock for issuance upon the conversion of the Preferred Securities and exercise of the Warrants in full, subject to approval of the Proposal. Except as set forth in Section 2.18(a), there are not issued, reserved for issuance or outstanding (i) any Equity Interests of the Company, (ii) any securities convertible into or exchangeable or exercisable for Equity Interests of the Company or (iii) any warrants, calls, options or other rights to acquire from the Company any Equity Interests or securities convertible into or exchangeable or exercisable for Equity Interests of the Company.

(c) Except for the Related Agreements, there are no outstanding obligations of the Company to (i) issue, deliver or sell, or cause to be issued, delivered or sold, any Equity Interests or securities convertible into or exchangeable or exercisable for Equity Interests of the Company (other than as a result of the issuance of any Common Stock to employees or members of management of the Company or any of its Subsidiaries in connection with the exercise of options or other securities convertible into Common Stock held or issued to such employees or members of management on the Closing Date) or (ii) repurchase, redeem or otherwise acquire any such Equity Interests. Other than the Related Agreements, there are no shareholder agreements, partnership agreements, voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of Equity Interests of the Company. The rights, preferences, powers, and the qualifications, restrictions and limitations, of the Preferred Securities are as set forth in the Certificate of Designation and such rights, preferences, powers, and such qualifications, restrictions and limitations, are, upon filing the Certificate of Designation with the State of Delaware, valid and enforceable under the laws of the State of Delaware.

(d) From and after the Closing, the Preferred Securities shall, with respect to dividend rights and rights upon the Company’s liquidation, winding up or dissolution, rank senior to all other Equity Interests of the Company, other than Series A Convertible Preferred Stock which ranks senior to the Preferred Securities, including any other class or series of its Equity Interests.

(e) The Company has not declared or, except for dividends previously paid as set forth in the SEC Filings, dividends payable with respect to the Series A Convertible Preferred Stock or as set forth in the Certificate of Designation, agreed to declare or pay, any dividends, or authorized or made, or agreed to authorize or make, any distribution, upon or with respect to any class or series of its Equity Interests.

(f) Except as set forth in the SEC Filings, the Company has no Indebtedness and is not a guarantor of any Indebtedness.

Section 2.19 Brokers. In the event that the Company retains, utilizes or is represented by any broker or finder who is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement, the Company shall be solely responsible for payment of any such brokerage, finder's or other fees or commissions.

Section 2.20 Insurance. The Company and its subsidiaries carry, or are covered by, insurance covering their respective properties, operations, personnel and businesses in such amounts and covering such risks as is customary for companies engaged in similar businesses in similar industries; and neither the Company nor any of its subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

Section 2.21 Intellectual Property; Licenses, Etc. Except as would not reasonably be expected to have a Material Adverse Effect, (a) the Company and each of its Subsidiaries owns, or possesses adequate rights to use, all Intellectual Property that are used or held for use in or are otherwise reasonably necessary for the present conduct of their respective businesses, (b) to the Company's Knowledge, the Company and its Subsidiaries are not interfering with, infringing upon, misappropriating or otherwise violating Intellectual Property of any Person, and (c) (i) no claim or litigation regarding any of the Intellectual Property owned by the Company and its Subsidiaries is pending or, to the Company's Knowledge, threatened and (ii) to the Company's Knowledge, no claim or litigation regarding any other Intellectual Property described in Section 2.21 is pending or threatened.

Section 2.22 Foreign Corrupt Practices Act. The Company and its Subsidiaries, and, to the Company's Knowledge or the Knowledge of any of its Subsidiaries, their respective directors, officers, agents or employees, are in compliance with the U.S. Foreign Corrupt Practices Act of 1977 or similar law of a jurisdiction in which the Company or any of its Subsidiaries conduct their respective businesses and to which they are lawfully subject, in each case, in all material respects. No part of the proceeds of the Purchase Price paid hereunder shall be used to make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE INVESTORS**

Section 3.1 Representations and Warranties of the Investors. Each of the Investors hereby severally, and not jointly, represents and warrants as of the date hereof and as of the respective Closing Date to the Company as follows:

(a) Such Investor is an individual or is an organization duly organized and validly existing and in good standing under the laws of its state of formation, with all necessary power and authority to own properties and to conduct its business as currently conducted.

(b) Such Investor has all necessary legal power and authority to enter into, deliver and perform its obligations under the Related Agreements. The execution, delivery and performance of the Related Agreements by such Investor and the consummation by it of the transactions contemplated thereby have been duly and validly authorized by all necessary legal action, and no further consent or authorization of such Investor is required. Each of the Related Agreements to which the Investor is a party has been duly executed and delivered by such Investor, where applicable, and constitutes legal, valid and binding obligations of such Investor; provided, that, with respect to each such agreement, the enforceability thereof may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws from time to time in effect affecting creditors' rights and remedies generally and by general principles of equity (regardless of whether such principles are considered in a proceeding in equity or at law).

(c) The execution, delivery and performance of the Related Agreements by such Investor and the consummation by such Investor of the transactions contemplated thereby will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material agreement to which such Investor is a party or by which such Investor is bound or to which any of the property or assets of such Investor is subject, (ii) conflict with or result in any violation of the provisions of the organizational documents of such Investor, or (iii) violate any statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over such Investor or the property or assets of such Investor, except in the case of clauses (i) and (iii), for such conflicts, breaches, violations or defaults would not prevent the consummation of the transactions contemplated by the Related Agreements.

(d) It is an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act.

(e) It is acquiring the Units for its own account, for investment purposes only and not with a view to any distribution thereof that would not otherwise comply with the Securities Act.

(f) It understands that (i) the Units have not been registered under the Securities Act and are being issued by the Company in transactions exempt from the registration requirements of the Securities Act and (ii) all or any part of the Units and the underlying securities may not be offered or sold except pursuant to effective registration statements under the Securities Act or pursuant to applicable exemptions from registration under the Securities Act and in compliance with applicable state laws.

(g) It understands that the exemption from registration afforded by Rule 144 (the provisions of which are known to it) depends on the satisfaction of various conditions, and that, if applicable, Rule 144 may afford the basis for sales only in limited amounts.

(h) It did not employ any broker or finder in connection with the transactions contemplated in this Agreement and no fees or commissions are payable to any such broker or finder, except as otherwise provided for in this Agreement.

(i) Such Investor is not and is not using the assets of an employee benefit plan as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or any entity whose underlying assets are treated as assets of such employee benefit plans.

(j) Such Investor: (i) is able to fend for itself in the Transactions; (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Units; and (iii) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.

(k) Such Investor acknowledges that (i) it has conducted its own investigation of the Company and the terms of the Units, (ii) it has had access to the Company’s public filings with the SEC and to such financial and other information as it deems necessary to make its decision to purchase the Units, (iii) it is aware that the Company is presently below compliance standards relating to the continued listing of its Common Stock on the NYSE Mkt and that the Common Stock is subject to delisting from the NYSE Mkt if non-compliance is not cured, of which there can be no assurance, and (iv) has been offered the opportunity to conduct such review and analysis of the business, assets, condition, operations and prospects of the Company and the Company Subsidiaries and to ask questions of the Company and received answers thereto, each as it deemed necessary in connection with the decision to purchase the Units. Such Investor further acknowledges that it has had such opportunity to consult with its own counsel, financial and tax advisors and other professional advisers as it believes is sufficient for purposes of the purchase of the Units. The foregoing, however, does not limit or modify the representations and warranties of the Company in Article II of this Agreement or the right of the Investor to rely on such representations and warranties.

(l) Except for the representations and warranties contained in Article II of this Agreement (including any references in such Section to the SEC Reports), such Investor acknowledges that neither the Company nor any Person on behalf of the Company makes, and the Investor has not relied upon, any other express or implied representation or warranty with respect to the Company or any Company Subsidiaries or with respect to any other information provided to the Investor in connection with the Transactions.

(m) Such Investor is a citizen of the United States within the meaning of 46 U.S.C. Sec. 50501 (a “U.S. Citizen”).

(n) Such Investor understands that the Units are being offered and sold in reliance on a transactional exemption from the registration requirements of federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of such Investor set forth herein in order to determine the applicability of such exemptions and the suitability of such Investor to acquire the Units.

(o) Such Investor understands that the certificates evidencing the Preferred Securities, the Warrants and the Common Stock issuable upon conversion of the Preferred Securities and exercise of the Warrants may bear a legend or other restriction substantially to the following effect (it being agreed that if any such securities are not certificated other appropriate restrictions shall be implemented to give effect to the following):

“THIS SECURITY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, (THE “SECURITIES ACT”), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN A TRANSACTION NOT INVOLVING A PUBLIC OFFERING, (II) PURSUANT TO ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, INCLUDING RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (IV) TO THE COMPANY OR ANY COMPANY SUBSIDIARY, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL NOTIFY ANY SUBSEQUENT PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.”

#### **ARTICLE IV CONDITIONS OF PURCHASE**

Section 4.1 Purchase of the Units. The obligation of the Investors to purchase the Units is subject to the satisfaction (or waiver by the Investors) of the following conditions on or prior to the applicable Closing Date:

(a) The Investors shall have received a counterpart of each Related Agreement signed by each of the requisite parties thereto (which may include delivery of a signed signature page of this Agreement and each other Related Agreement by facsimile or other means of electronic transmission (*e.g.*, “pdf”).

(b) The representations and warranties of the Company contained in Article II shall be true and correct in all material respects (other than representations and warranties which are already qualified as to materiality, which shall be true and correct in all respects) as of the date when made and as of the applicable Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date.

(c) The Company shall have adopted and filed with the Secretary of State of Delaware the Certificate of Designation.

(d) The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Related Agreements to be performed, satisfied or complied with by it at or prior to the Closing Date.

(e) There shall not have occurred any Material Adverse Effect since December 31, 2016.

(f) The Company shall have delivered to the Investors a certificate, executed on behalf of the Company by its Chief Executive Officer or its Chief Financial Officer, dated as of the applicable Closing Date, certifying as to the matters set forth in subsections (b), (c), (d) and (e) of this Section 4.1.

(g) On the Closing Date, the Company shall deliver to each Investor (i) a duly executed Warrant, and (ii) certificates representing the Preferred Securities purchased by such Investor or evidence of the issuance of the Preferred Securities credited to book-entry accounts maintained by a nationally recognized transfer agent.

Section 4.2 Sale of the Units. The obligation of the Company to issue and sell the Units is subject to the satisfaction (or waiver by the Company) of the following conditions on or prior to the applicable Closing Date:

(a) The Company shall have received the Purchase Price from the Investor as set forth on Annex A.

(b) The Company shall have received a counterpart of each Related Agreement signed by each of the requisite parties thereto (which may include delivery of a signed signature page of this Agreement and each other Related Agreement by facsimile or other means of electronic transmission (e.g., "pdf")).

(c) The representations and warranties of each Investor contained in Article III shall be true and correct in all material respects (other than representations and warranties which are already qualified as to materiality, which shall be true and correct in all respects) as of the date when made and as of the applicable Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date.

(d) The Investor shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Related Agreements to be performed, satisfied or complied with by it at or prior to the applicable Closing Date.

(e) No court of competent jurisdiction or other competent governmental or regulatory authority shall have issued an order making illegal or otherwise restricting, preventing or prohibiting the Transactions in a manner that cannot reasonably be remedied by the Company or the Investors.

## **ARTICLE V COVENANTS**

Section 5.1 Shares Issuable Upon Conversion. The Company will at all times have reserved and available for issuance a number of shares of Common Stock, free of any preemptive or similar rights of stockholders of the Company, equal to the lesser of: (i) all authorized but unissued shares of Common Stock (other than those reserved under the Company's management equity incentive plans as of the date of this Agreement) and (ii) a number of shares of Common Stock sufficient to permit (A) the conversion in full of all of the outstanding Preferred Securities into Common Stock pursuant to the Certificate of Designation (assuming the receipt of stockholder approval of the Proposal), and (B) the exercise in full of the Warrants; in each case including as may be adjusted for share splits, combinations or other similar transactions as of the date of determination or due to the accrual of accreting dividends.

## Section 5.2 Stockholder Approval of Proposal.

(a) Promptly upon a determination that the shares of Common Stock issuable upon conversion of the Preferred Securities or exercise of the Warrants may be limited as a result of application of any Exchange Voting Requirements, but not later than the next annual meeting of stockholders of the Company, the Company shall take all action necessary to call a meeting of its stockholders (the “Stockholders Meeting”) for the purpose of seeking approval of the Proposal, including, but not limited to, filing a Proxy Statement (as defined below) for such Stockholders Meeting. In the event that the Proposal is not approved by the Company’s stockholders at the Stockholders Meeting, the Company shall take all action necessary to call at least two additional special meetings of its stockholders (each such additional meeting, a “Subsequent Stockholders Meeting”) for the purpose of seeking approval of the Proposal; provided, the Company shall seek approval of the Proposal not approved at a Subsequent Stockholders Meeting at each annual meeting following the second Subsequent Stockholders Meeting. In connection with the Stockholders Meeting and, if applicable, any Subsequent Stockholders Meeting, the Company will promptly prepare and file with the SEC proxy materials (including a proxy statement and form of proxy) in compliance with Section 14(a) of the Exchange Act and the rules promulgated thereunder (as amended or supplemented, each, a “Proxy Statement”) for use at the Stockholders Meeting and, if applicable, any Subsequent Stockholders Meeting. After receiving and promptly responding to any comments of the SEC thereon, the Company shall promptly mail such Proxy Statement (or, if permitted, notice of the availability of such Proxy Statement) to the stockholders of the Company. The Company will comply with Section 14(a) of the Exchange Act and the rules promulgated thereunder in relation to any form of proxy to be sent or made available to the stockholders of the Company in connection with the Stockholders Meeting or, if applicable, any Subsequent Stockholders Meeting, and each Proxy Statement shall not, on the date that such Proxy Statement (or any amendment thereof or supplement thereto) is first mailed or made available to stockholders or at the time of the Stockholders Meeting or any Subsequent Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein not false or misleading, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Stockholders Meeting or any Subsequent Stockholders Meeting which has become false or misleading. Each Investor shall promptly furnish in writing to the Company such information relating to such Investor and its investment in the Company as the Company may reasonably request for inclusion in each Proxy Statement.

(b) The Company’s Board of Directors shall recommend to the Company’s stockholders that the stockholders vote in favor of the Proposal at the Stockholders Meeting and, if applicable, the Subsequent Stockholders Meeting, and take all reasonable action to solicit the approval of the stockholders for the Proposals. The Company shall (i) take all action necessary to convene the Stockholders Meeting and, if necessary, any Subsequent Stockholders Meeting, to consider and vote upon the approval of the Proposal and (ii) submit the Proposal at the Stockholders Meeting or, if applicable, the Subsequent Stockholders Meeting to the stockholders of the Company for their approval.

## Section 5.3 Registration Statement.

(a) The Company will, at its sole cost and expense, prepare and, not later than 30 calendar days following the first Closing, file with the SEC a registration statement (the “Registration Statement”) on Form S-3 or, if Form S-3 is unavailable, on Form S-1 registering the delayed and continuous resale of all of Conversion Shares pursuant to Rule 415 under the Securities Act and will use commercially reasonable efforts to cause such Registration Statement to be declared effective as promptly as practicable and to remain continuously effective until all Conversion Shares may be resold by each Investor, other than officers of the Company, pursuant to Rule 144 without volume limitation, manner-of-sale restrictions or the Company being in compliance with any current public information requirement (the “Registration Period”).

(b) Notwithstanding the undertaking in Section 5.3(a), if the SEC informs the Company that all of the Conversion Shares cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to use its commercially reasonable efforts to file amendments to the Registration Statement as required by the SEC, covering the maximum number of Conversion Shares permitted to be registered by the SEC, to register for resale the Conversion Shares as a secondary offering; provided, however, that prior to filing such amendment, the Company will use commercially reasonable efforts to advocate with the SEC for the registration of all of the Conversion Shares in accordance with SEC guidance.

(c) In connection with the Registration Statement, the Company will, as soon as reasonably practicable:

(i) Prepare and file with the SEC such pre-effective and post-effective amendments and supplements to the Registration Statement and the Prospectus used in connection with the Registration Statement, and file such reports under the Exchange Act, as may be necessary to cause the Registration Statement to become effective, to keep the Registration continuously effective during the Registration Period and not misleading in any material respect, and as may otherwise be required or applicable under, and to comply with the provisions of, the Securities Act with respect to the disposition of all of the Conversion Shares covered by the Registration Statement during the Registration Period;

(ii) Furnish to the Investors such number of copies of the Prospectus, and each amendment or supplement thereto, in conformity with the requirements of the Securities Act, and such other documents as the Investors may reasonably request in order to facilitate the disposition of the Conversion Shares owned by it;

(iii) Notify the Investors: (A) when a Prospectus or any Prospectus supplement or post-effective amendment is proposed to be filed and, with respect to any post-effective amendment, when the same has become effective, except for any filing to be made solely to incorporate by reference a Current Report on Form 8-K, Quarterly Report on Form 10-Q or Annual Report on Form 10-K to be filed with the SEC; (B) of any request by the SEC or any other federal or state governmental authority for amendments or supplements to a Registration Statement or a Prospectus or for additional information; (C) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose; (D) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Conversion Shares for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, and (E) of the occurrence of any event or circumstance that makes any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, Prospectus or documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, in no event will any such notice contain any information which would constitute material, non-public information regarding the Company;

(iv) Use reasonable best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of, any order suspending the effectiveness of the Registration Statement, or the lifting of any suspension of the qualification, or exemption from qualification, of any of the Conversion Shares for sale in any jurisdiction, at the earliest practicable moment;

(v) Incorporate in a Prospectus supplement or post-effective amendment such information as each Investor reasonably requests be included therein regarding each such Investor or the plan of distribution of the Conversion Shares; and make all required filings of the Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received notification of such matters to be incorporated in such Prospectus supplement or post-effective amendment; provided, however, that the Company will not be required to take any action pursuant to this paragraph that would violate applicable law;

(vi) Whenever necessary, prepare and deliver to each Investor any required supplement or amendment, including a post-effective amendment, to the Registration Statement or a supplement to the Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document, including such reports as may be required to be filed under the Exchange Act, so that, as thereafter delivered, the Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(vii) Use reasonable best efforts to cause all Conversion Shares to be listed on the Principal Market or such other securities exchange or automated quotation system, if any, as is then the principal securities exchange or automated quotation system on which the Common Stock is then listed; and

(viii) Fully cooperate with the Company's transfer agent, the Investors and their brokers to facilitate the timely clearing and delivery of Conversion Shares to be sold pursuant to the Registration Statement free of any restrictive legends and in such denominations and registered in such names as Investors may reasonably request, including timely completion and delivery of all forms, documents and instruments requested by the transfer agent or any broker.

#### Section 5.4 Commercially Reasonable Efforts; Further Assurances.

(a) Upon the terms and subject to the conditions set forth in this Agreement, each of the Investors and the Company shall 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 or parties hereto in doing, all things reasonably necessary, proper or advisable under applicable Law to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by the Related Agreements, including using commercially reasonable efforts to: (i) cause the conditions to the applicable Closing set forth in Article IV to be satisfied; (ii) obtain all necessary actions or non-actions, waivers, consents, approvals, orders and authorizations from Governmental Authorities and make all necessary registrations, declarations and filings with Governmental Authorities; and (iii) execute or deliver any additional instruments reasonably necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, the Related Agreements.

(b) Each party agrees to cooperate with each other and their respective officers, employees, attorneys, accountants and other agents, and, generally, do such other reasonable acts and things in good faith as may be reasonably necessary to effectuate the transactions contemplated by the Related Agreements, subject to the terms and conditions hereof and thereof and compliance with applicable Law, including taking reasonable action to facilitate the filing of any document or the taking of reasonable action to assist the other parties hereto in complying with the terms hereof and thereof.

Section 5.5 Tax Characterization. Unless otherwise required by a "determination", as defined in Section 1313(a) of the Code, the parties agree to treat the Preferred Securities as stock other than preferred stock (within the meaning of Section 305 of the Code) for U.S. federal, and to the extent applicable, state and local income tax purposes.

#### Section 5.6 Confidential Information.

(a) Each Investor recognizes that Confidential Information may have been and may be disclosed to such Investor by the Company or any of its Subsidiaries. Each Investor shall not engage in the unauthorized use, and shall cause its Affiliates not to engage in the unauthorized use, or make any unauthorized disclosure to any third party, of any Confidential Information without the prior written consent of the Company and shall use due care to ensure that such Confidential Information is kept confidential, including by treating such information as such party would treat its own Confidential Information. Notwithstanding the foregoing, the Investor shall have the right to share any Confidential Information with any of their representatives, each of whom shall be required to agree to keep confidential such Confidential Information to the extent required of the Investor under this Section 5.6. As used herein, "Confidential Information" means all information, knowledge, systems or data relating to the business, operations, finances, policies, strategies, intentions or inventions of the Company and/or its Subsidiaries (including any of the terms of this Agreement) from whatever source obtained, except for any such information, knowledge, systems or data which (i) has become publicly known and made generally available through no wrongful act of such Investor, (ii) has been rightfully received by such Investor from a third party who, to the knowledge of such Investor, is not bound by any obligations of confidentiality with respect to such information, knowledge, systems or data, (iii) is independently developed by such Investor without use of Confidential Information, (iv) is already known by or is already in the possession of such Investor or any of its Affiliates prior to the date hereof, or (v) subject to the obligations set forth in Section 5.6(b), is required by law, court order, subpoena, stock exchange, self-regulatory organization, governmental agency, or regulatory body to be disclosed.

(b) If any Investor is requested to disclose any Confidential Information by any Governmental Authority or for any regulatory reason, such Investor will promptly notify the Company, as is reasonably practicable and legally permissible under the circumstances, to permit it to seek a protective order or take other action that the Board of Directors in its discretion deems appropriate, and such Investor will cooperate in any such efforts to obtain a protective order or other reasonable assurance that confidential treatment will be accorded such Confidential Information, at the Company's sole cost and expense. If, in the absence of a protective order, such Investor is compelled to disclose any such information in any proceeding or pursuant to legal process, such Investor may disclose to the party compelling disclosure only the part of such Confidential Information as is required to be disclosed (in which case, prior to such disclosure, such Investor will advise and, if requested by the Board of Directors, consult with the Company and its counsel as to such disclosure and the nature and wording of such disclosure) and such Investor will use its commercially reasonable efforts to obtain confidential treatment therefor. Notwithstanding the foregoing, the Investor shall not be required to notify the Company if it is required to disclose Confidential Information pursuant to a routine regulatory inquiry or blanket document request, not targeting the Company or the Board of Directors.

Section 5.7 Further Assurances. The Company and each Investor shall execute and deliver such documents and other instruments and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby; and the Company shall use commercially reasonable efforts to remedy any order contemplated by Section 4.2(e) hereof.

Section 5.8 Access. During the period from the date of this Agreement to the earlier of the Closing Date and the termination of this Agreement in accordance with Article VI, the Company shall: (i) provide the Investors and their representatives reasonable access to key personnel, books, records, facilities, properties, customers, suppliers, records, contracts, documents and data of the Company, and (ii) furnish the Investors and their representatives with copies of all such books, records, Tax Returns reflecting the business operations of the Company, contracts, documents, data and information as they may reasonably request; provided, that such access, investigations and inquiries by or on behalf of the Investors shall (x) be given at reasonable times and upon prior written notice, (y) during normal business hours and without undue interference with normal operations or customer or employee relations, and (z) be subject to any limitations prescribed by applicable law or that are reasonably required to preserve any applicable attorney-client privilege or other legally recognized privilege.

Section 5.9 Use of Proceeds. The Company shall apply the net proceeds from the issuance and sale of the Units for general corporate purposes, including funding working capital, acquiring and/or developing oil and gas assets, and payment of expenses in connection with the Transactions.

## **ARTICLE VI MISCELLANEOUS**

Section 6.1 Survival. The representations and warranties made by the Company contained in this Agreement, and made by or on behalf of any of the Investors pursuant to this Agreement, shall survive for a period of 18 months following the applicable Closing Date, regardless of any investigation made at any time by or on behalf of the Investors or the Company. The covenants made in this Agreement or any Related Agreement shall survive the Closing and remain operative and in full force and effect regardless of acceptance of any of the Units and payment therefor and repayment, conversion or repurchase thereof.

Section 6.2 Termination. As among the Company, on the one hand, and each individual Investor, on the other hand, this Agreement may be terminated at any time prior to Closing:

(a) by either the individual Investor or the Company if the Closing shall not have occurred by the 60th calendar day following the date of this Agreement; provided, however, that the right to terminate this Agreement under this Section 6.2 shall not be available to any party whose failure to fulfill any obligations under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(b) by either the individual Investor or the Company in the event any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Transactions and such order, decree, ruling or other action shall have become final and nonappealable; or

(c) by the mutual written consent of the individual Investor and the Company.

In the event of termination of this Agreement as provided in this Section 6.2, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto; provided, that, notwithstanding the foregoing, the terms of Section 5.6, Sections 6.3 through 6.9 and this Section 6.2 shall remain in full force and effect and shall survive any termination of this Agreement.

Section 6.3 Indemnification. The Company agrees to indemnify and hold harmless each Investor and its Affiliates and their respective directors, officers, members, managers, agents and employees, and their respective successors and assigns, from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable attorneys' fees and disbursements) to which such Person may become subject as a result of, arising out of, in connection with or related to: (i) any breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company under the Related Agreements; or (ii) any action, suit, claim, proceeding or investigation (other than actions, suits, claims, proceedings or investigations arising from the willful conduct or gross negligence of the Investor) by any governmental authority, stockholder of the Company or any other Person (other than the Company) relating to this Agreement or the other Related Agreements or the transactions contemplated hereby or thereby, and in each case, will reimburse any such Person for all such amounts as they are incurred by such Person.

Section 6.4 Entire Agreement; Parties in Interest. This Agreement and each other Related Agreement constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each Party and their respective successors, legal representatives and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 6.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Texas.

Section 6.6 Jurisdiction. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the District Court of the State of Texas sitting in Harris County, Texas, or in the event (but only in the event) that the Texas District Court does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the Southern District of Texas sitting in Harris County, Texas, for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 6.7 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND 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, ANY OTHER RELATED AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 6.8 Remedies.

(a) Except as otherwise provided herein, all remedies available under this Agreement, at law or otherwise, shall be deemed cumulative and not alternative or exclusive of other remedies. The exercise by any Party of a particular remedy shall not preclude the exercise of any other remedy.

(b) Each Party hereby acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached and that remedies at law would not be adequate to compensate such other Parties not in default or in breach. Accordingly, each Party agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions of this Agreement in addition to any other remedy to which they may be entitled, at law or in equity. The Parties waive any defense that a remedy at law is adequate and any requirement to post bond or provide similar security in connection with actions instituted for injunctive relief or specific performance of this Agreement.

Section 6.9 Notices.

(a) Except as otherwise provided in this Agreement, any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and delivered by (i) email or (ii) U.S. mail or (iii) overnight delivery via a national courier service to the following email address or physical address, as applicable:

If to the Company:

Houston American Energy Corp.  
801 Travis Street, Suite 1425  
Houston, TX 77002  
Attention: John P. Boylan, President  
E-mail: [jpb@houstonamericanenergy.com](mailto:jpb@houstonamericanenergy.com)

If to the Investors:

At the address shown on the signature page hereof.

(b) Notice or other communication pursuant to Section 6.10(a) shall be deemed given or received (i) in the case of personal delivery or delivery by electronic mail, on the date of such delivery, (ii) in the case of dispatch by nationally recognized overnight courier, on the next Business Day following such dispatch and (iii) in the case of mailing, on the fifth Business Day after the posting thereof. Any Party may specify a different address, by written notice to the other Parties. The change of address shall be effective upon the other Parties' receipt of the notice of the change of address.

Section 6.10 Amendments; Waivers. 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 the Parties, or in the case of a waiver, by the Party against whom the waiver is to be effective. No knowledge, investigation or inquiry, or failure or delay by the Company or the Investors 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 other right hereunder. No waiver of any right or remedy hereunder shall be deemed to be a continuing waiver in the future or a waiver of any rights or remedies arising thereafter.

Section 6.11 Counterparts. This Agreement may be executed (including by facsimile transmission, “. pdf,” or other electronic transmission) in two or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when two or more counterparts have been signed by each of the Parties and delivered (including by facsimile transmission, “. pdf” or other electronic transmission) to the other Parties.

Section 6.12 Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective permitted assigns and successors. Neither this Agreement nor any of the rights, interests or obligations set forth in, arising under or created by this Agreement may be assigned by any of the Parties without the prior written consent of the other Parties, except that each of the Investors may, without the consent of the Company, assign all or a portion of its rights, interests and funding obligation hereunder to one or more of their respective Affiliates, but only to Affiliates that are U.S. Citizens; provided that any such assignment shall not relieve any of the Investors of its funding obligation hereunder on the Closing Date. In the event of an assignment to such an Affiliate, such Affiliate shall become party to this Agreement by execution of a joinder hereto in form and substance reasonably acceptable to the Company. Any assignment or transfer in violation of this Section 6.12 shall be null and void.

Section 6.13 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, invalid 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. The Parties further agree to replace such illegal, void, invalid or unenforceable provision of this Agreement with a legal, valid and enforceable provision that achieves, to the extent possible, the economic, business and other purposes of such illegal, void, invalid or unenforceable provision.

## **ARTICLE VII DEFINITIONS**

Section 7.1 Defined Terms. The following words and phrases have the meanings specified in this Section 7.1:

“Affiliate” shall mean with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled or managed by, or is under common control with, such Person, and all funds and accounts managed by such Person.

“Agreement” shall have the meaning assigned to such term in the preamble.

“Business Day” means any day, other than a Saturday, Sunday or other day, on which banks in the City of Houston, Texas are authorized or required by law or executive order to remain closed.

“Certificate of Designation” shall have the meaning assigned to such term in the recitals to this Agreement.

“Closing” shall have the meaning assigned to such term in Section 1.3(a).

“Closing Date” shall have the meaning assigned to such term in Section 1.3(a).

“Code” shall mean the Internal Revenue Code of 1986.

“Common Stock” shall mean shares of Common Stock of the Company, par value \$0.001 per share.

“Company” shall have the meaning assigned to such term in the preamble to this Agreement.

“Company Financial Statements” shall have the meaning assigned to such term in Section 2.7(b).

“Confidential Information” shall have the meaning assigned to such term in Section 5.6(a).

“Control” (including the terms “controlling”, “controlled by” or “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Conversion Shares” means shares of Common Stock issuable upon conversion of the Preferred Securities and exercise of the Warrants.

“Environment” shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

“Environmental Laws” shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, binding agreements, decrees or judgments, promulgated or entered into by or with any Governmental Authority, relating in any way to the Environment, preservation or reclamation of natural resources, the generation, use, transport, management, Release or threatened Release of, or exposure to, any Hazardous Substance or to public or employee health and safety matters (to the extent relating to the Environment or Hazardous Substances).

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any and all warrants, rights or options to purchase any of the foregoing, including convertible securities.

“Evaluation Date” shall have the meaning assigned to such term in Section 2.9.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Exchange Voting Requirement” shall mean any applicable rule or requirement of the Principal Market whereby stockholder approval is a condition of issuing shares above prescribed thresholds if such shares are listed on the Principal Market and if such issuance (i) results in a change of control of the listed company or (ii) results, or could result, in issuance above a percentage and subject to criteria established by the Principal Market.

“GAAP” shall have the meaning assigned to such term in Section 2.7(b).

“Governmental Authority” shall mean any United States or non-United States federal, state or local government, or any agency, bureau, board, commission, department, tribunal or instrumentality thereof or any court, tribunal, or arbitral or judicial body.

“Hazardous Substances” means (A) petroleum and petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials and polychlorinated biphenyls, and (B) any other chemical, material or substance defined or regulated as toxic or hazardous or as a pollutant, contaminant or waste under Environmental Laws.

“Indebtedness” of any Person shall mean, if and to the extent (other than with respect to clause (i) of this definition) the same would constitute indebtedness or a liability on a balance sheet prepared in accordance with GAAP, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services (other than such obligations accrued in the ordinary course), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all capitalized lease obligations of such Person, (f) the principal component of all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit, (g) the principal component of all obligations of such Person in respect of bankers’ acceptances and (h) all guarantees by such Person of Indebtedness described in clauses (a) through (g) above; provided that, in the case of the Company and its Subsidiaries, Indebtedness shall not include trade and other ordinary-course payables, accrued expenses, and intercompany liabilities arising in the ordinary course of business.

“Information” shall have the meaning assigned to such term in Section 2.14(a).

“Intellectual Property” means all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses (software or otherwise), information, processes and similar proprietary rights necessary to the business of the Company.

“Investors” shall have the meaning assigned to such term in the preamble to this Agreement.

“Knowledge” means, with respect to any statement made to a Person’s Knowledge, that such statement is based on the actual knowledge of the executive officers of such Person (as defined in Rule 405 under the Securities Act) having responsibility for the matter or matters that are the subject of the statement, after reasonable inquiry.

“Lien” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, charge, security interest or similar monetary encumbrance in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; provided that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

“Material Adverse Effect” means any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on the results of operations, assets, business or financial condition of the Company and its Subsidiaries, taken as a whole, except that any of the following, either alone or in combination, shall not be deemed a Material Adverse Effect: (i) effects caused by changes or circumstances affecting the U.S. or global economy or capital markets in general or which are generally applicable to the industry in which the Company operates, provided that such effects are not borne disproportionately by the Company or any of its Subsidiaries; (ii) effects caused by changes in applicable law or GAAP, provided that such effects are not borne disproportionately by the Company or any of its Subsidiaries; (iii) effects caused by changes in the market price or trading volume of the Common Stock on any trading market (provided that the underlying causes of such changes (subject to the other provisions of this paragraph) shall not be excluded); (iv) effects caused by failure(s) by the Company to meet any operating projections or forecasts, or published revenue or earnings predictions (provided that the underlying causes of such failure(s) (subject to the other provisions of this paragraph) shall not be excluded); (v) effects caused by earthquakes, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism or military actions existing as of the date hereof; (vi) effects resulting from or relating to the announcement or disclosure of the sale of the Units or other transactions contemplated by this Agreement; and (vii) effects caused by any action or failure to take action, in each case, expressly consented to or requested by the Investors.

“Material Contract” means any contract, instrument or other agreement to which the Company or any Subsidiary is a party or by which it is bound which is material to the business of the Company and its Subsidiaries, taken as a whole, including those that have been filed or were required to have been filed as an exhibit to the SEC Filings (as defined below) pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K.

“Parties” shall have the meaning assigned to such term in the preamble to this Agreement.

“Permits” shall have the meaning assigned to such term in Section 2.12(b).

“Person” shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

“Preferred Securities” shall have the meaning assigned to such term in the recitals to this Agreement.

“Principal Market” means The NYSE Mkt or other national or regional securities exchange or over the counter market on which the Common Stock is then listed.

“Proposal” means the proposal to be submitted to the stockholders of the Company at the Stockholders Meeting, for the purpose of seeking approval of the stockholders of the Company for the issuance of all shares of Common Stock issuable upon the full conversion of the Preferred Securities and Warrants issued pursuant to this Agreement and any change of control that may be deemed to occur as a result of such issuance and sale pursuant to an Exchange Voting Requirement.

“Proxy Statement” shall have the meaning assigned to such term in Section 5.2(a).

“Purchase Price” shall have the meaning assigned to such term in Section 1.1.

“Registration Period” shall have the meaning assigned to such term in Section 5.3(a).

“Registration Statement” shall have the meaning assigned to such term in Section 5.3(a).

“Regulation D” shall have the meaning assigned to such term in the recitals to this Agreement.

“Related Agreements” shall mean this Agreement, the schedules and exhibits attached hereto, the Certificate of Designation and the Warrant.

“Release” shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

“Rule 144” shall mean Rule 144 promulgated under the Securities Act.

“SEC” shall have the meaning assigned to such term in the recitals of this Agreement.

“SEC Filings” shall have the meaning assigned to such term in Section 2.7(a).

“Securities Act” shall have the meaning assigned to such term in the recitals of this Agreement.

“Series A Convertible Preferred Stock” shall mean the 12.0% Series A Convertible Preferred Stock of the Company.

“Stockholders Meeting” shall have the meaning assigned to such term in Section 5.2.

“Subsequent Stockholders Meeting” shall have the meaning assigned to such term in Section 5.2.

“Subsidiary” shall mean, with respect to any Person (in this definition referred to as the “parent”), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50.0% of the equity or more than 50.0% of the ordinary voting power or more than 50.0% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

“Tax Return” shall mean any return, report or statement required to be filed with any Governmental Authority with respect to Taxes, including any schedules, attachments or amendments thereto.

“Taxes” shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis and any interest, fines, penalties or additions to tax with respect to the foregoing.

“Transactions” shall mean, collectively, the transactions to occur pursuant to the Related Agreements, including (a) the execution and filing of the Certificate of Designation with the Secretary of State of the State of Delaware and the performance by the Company of its obligations thereunder and the execution, delivery and performance of each other Related Agreement, the payment of the Purchase Price and the purchase and sale of the Units under this Agreement; and (b) the payment of all fees and expenses to be paid and owing in connection with the foregoing.

“Units” shall have the meaning assigned to such term in the recitals to this Agreement.

“Warrants” shall have the meaning assigned to such term in the recitals to this Agreement.

Section 7.2 Construction. The Parties intend that each representation, warranty, covenant and agreement contained in this Agreement shall have independent significance. The headings are for convenience only and shall not be given effect in interpreting this Agreement. References to sections, articles, schedules or exhibits are to the sections, articles, schedules and exhibits contained in, referred to by or attached to this Agreement, unless otherwise specified. 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 “include,” “includes” and “including” in this Agreement mean “include/includes/including without limitation.” All references to “\$”, currency, monetary values and dollars set forth herein shall mean U.S. dollars. The use of the masculine, feminine or neuter gender or the singular or plural form of words shall not limit any provisions of this Agreement. References to a Person also include its permitted assigns and successors. The word “will” shall be construed to have the same meaning as the word “shall.” The words “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if.” With respect to the determination of any period of time, “from” shall mean “from and including.” The word “or” shall not be exclusive. Any reference to a statute refers to the statute, any amendments or successor legislation and all rules and regulations promulgated under or implementing the statute, as in effect at the relevant time. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if.” Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Whenever any action must be taken hereunder on or by a day that is not a Business Day, then such action may be validly taken on or by the next day that is a Business Day. Any reference herein to any law, contract, agreement or other instrument, including the governing documents of any Person, shall be construed as referring to such law, contract, agreement or instrument as amended or modified or, in the case of a law, codified or reenacted, in each case, in whole or in part, and as in effect from time to time. The Parties acknowledge and agree that (a) each Party and its counsel has reviewed, or has had the opportunity to review, the terms and provisions of this Agreement, (b) any rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be used to interpret this Agreement and (c) the provisions of this Agreement shall be construed fairly as to all Parties and not in favor of or against any Party, regardless of which Party was generally responsible for the preparation of this Agreement and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of such previous drafts of this Agreement or any other Related Agreements or the fact that any clauses have been added, deleted or otherwise modified from any prior drafts of this Agreement or any other Related Agreements.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

**COMPANY:**

**HOUSTON AMERICAN ENERGY CORP.**

By: \_\_\_\_\_  
 Name: John P. Boylan  
 Title: President and Chief Executive Officer

**INVESTOR:**

Name: \_\_\_\_\_  
 By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**INVESTOR NOTICE ADDRESS:**

Address: \_\_\_\_\_  
 \_\_\_\_\_  
 E-Mail: \_\_\_\_\_  
 \_\_\_\_\_

**Units Purchased:** \_\_\_\_\_ Units  
**Purchase Price (\$1,000 per Unit)** \$ \_\_\_\_\_



## **HOUSTON AMERICAN ENERGY ANNOUNCES SPUDDING OF THE JOHNSON STATE #1H WELL IN REEVES COUNTY, TEXAS**

Houston, Texas – May 4, 2017 – Houston American Energy Corp. (NYSE MKT: HUSA) today announced that the Johnson State #1H well has been spudded and is expected to reach total depth, including the horizontal lateral, within approximately 32 days.

The well, operated by Founders Oil & Gas Operating, LLC, is the first well to be drilled on Houston American's Reeves County acreage encompassing two lease blocks totaling approximately 717 gross acres. Houston American holds a 25% working interest in the subject well and Johnson lease.

John P. Boylan, CEO and President of Houston American stated, "Spudding the first well on our recently acquired Reeves County acreage is a major milestone for Houston American. We are initially targeting the Wolfcamp shale formation. Based on drilling results in the surrounding area, we are very excited to begin drilling. We look forward to updating the market as the well progresses."

### **About Houston American Energy Corp**

Based in Houston, Texas, Houston American Energy Corp. is a publicly-traded independent energy company with interests in oil and natural gas wells, minerals and prospects. The Company's business strategy includes a property mix of producing and non-producing assets with a focus on the Delaware Basin in Texas, Louisiana and Colombia.

### **Forward-Looking Statements**

The information in this release includes certain forward-looking statements that are based on assumptions that in the future may prove not to have been accurate, including statements regarding the anticipated time to reach total depth and the ultimate results of drilling operations. Those statements, and Houston American Energy Corp., are subject to a number of risks, including the potential inability to secure financing to fund Houston American's share of completion costs, timing of drilling operations, ultimate drilling results, potential changes in price based on operations and fluctuations in energy prices, changes in market conditions, effects of government regulation and other factors. These and other risks are described in the company's documents and reports that are available from the company and the United States Securities and Exchange Commission.

For additional information, view the company's recently updated website at [www.houstonamerican.com](http://www.houstonamerican.com) or contact the Houston American Energy Corp. at (713) 222-6966.

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**HOUSTON AMERICAN ENERGY COMPLETES PRIVATE PLACEMENT OF 12.0% SERIES B CONVERTIBLE  
PREFERRED STOCK AND WARRANTS**

*Annual Stockholders Meeting to be Rescheduled to September 6, 2017*

Houston, Texas – May 5, 2017 – Houston American Energy Corp. (NYSE MKT: HUSA) today announced that it has completed a private placement of \$910,000 of Units consisting of shares of 12.0% Series B Convertible Preferred Stock and Warrants.

Funds from the offering will be used primarily to pay Houston American's share of drilling costs on the Johnson State #1H well in Reeves County, Texas, with excess funds being added to working capital.

John P. Boylan, CEO and President of Houston American stated, "This equity raise provides Houston American with capital needed to pay our share of the drilling costs of our first Reeves County well, which spud earlier this week. The raise will also provide additional working capital and further our ongoing plan to regain compliance with NYSE MKT shareholders' equity requirements."

Separately, the Board of Directors has rescheduled Houston American's 2017 annual meeting of stockholders to September 6, 2017. Houston American will distribute a definitive proxy statement in the coming weeks in connection with the matters to be voted on at the rescheduled annual stockholders meeting.

This news release does not constitute an offer to sell or solicitation of an offer to buy any securities.

**About Houston American Energy Corp**

Based in Houston, Texas, Houston American Energy Corp. is a publicly-traded independent energy company with interests in oil and natural gas wells, minerals and prospects. The Company's business strategy includes a property mix of producing and non-producing assets with a focus on the Delaware Basin in Texas, Louisiana and Colombia.

**Forward-Looking Statements**

The information in this release includes certain forward-looking statements that are based on assumptions that in the future may prove not to have been accurate, including statements regarding regaining compliance with NYSE MKT shareholders' equity requirements. Those statements, and Houston American Energy Corp., are subject to a number of risks, including the potential inability to secure financing to fund Houston American's share of completion costs, timing of drilling operations and ultimate drilling results, among other factors. These and other risks are described in the company's documents and reports that are available from the company and the United States Securities and Exchange Commission.

For additional information, view the company's website at [www.houstonamerican.com](http://www.houstonamerican.com) or contact the Houston American Energy Corp. at (713) 222-6966.

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