

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Laredo Oil, Inc.

Form: 8-K

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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)

June 9, 2010 (June 4, 2010)

Laredo Oil, Inc.

(Exact name of registrant as specified in its charter)

Delaware

333-153168

N/A

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

**9452 East Heritage Trail Drive
Scottsdale, Arizona**

85255

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(214) 296-4464

(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 obligation 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))

Section 1 - Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

On June 4, 2010 Laredo Oil, Inc. completed the issuance of debt in the amount of \$300,000 pursuant to a convertible Note and Warrant Purchase Agreement (the "Purchase Agreement") with eight accredited investors.

Pursuant to the Purchase Agreement, the Subordinated Convertible Promissory Notes ("Notes"), at the option of the holder, are either redeemable at par or convertible at a 20% discount to securities sold in a future financing greater than \$7.5 million (the "New Financing"). The Company cannot prepay the Notes prior to the New Financing. Notes elected for redemption will be repaid with accrued interest at the close of the New Financing. The Notes bear interest at a rate of ten percent per annum and if not redeemed, are automatically converted to the securities issued under the New Financing. The Purchase Agreement gives the Note holders five year Warrants to Purchase Stock of Laredo Oil, Inc. ("Warrants") to purchase 750,000 shares of the same security, at the same price, as that issued in the New Financing.

This foregoing description of the terms of the Purchase Agreement and Warrants is incomplete and is qualified in its entirety by the terms and conditions of the Purchase Agreement attached hereto as Exhibit 10.1, the form of Warrant to Purchase Stock of Laredo Oil, Inc. attached hereto as Exhibit 10.2, and the form of Subordinated Convertible Promissory Note attached hereto as Exhibit 10.3, incorporated by reference herein.

Section 2 - Financial Information

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 is incorporated by reference.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
10.1	Purchase Agreement
10.2	Form of Warrant to Purchase Stock of Laredo Oil, Inc.
10.3	Form of Subordinated Convertible Promissory Note

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.

LAREDO OIL, INC.

Date: June 9, 2010

By: /s/ Bradley E. Sparks
Bradley E. Sparks
Chief Financial Officer and Treasurer

LAREDO OIL, INC.

NOTE AND WARRANT PURCHASE AGREEMENT

This NOTE AND WARRANT PURCHASE AGREEMENT (this "**Agreement**") is made as of _____ (the "**Effective Date**"), by and among LAREDO OIL, INC. a Delaware corporation (the "**Company**"), and the parties listed on the Schedule of Investors attached to this Agreement as Exhibit A (individually an "**Investor**" and collectively the "**Investors**").

RECITALS

A. The Company is currently in need of funds to help finance its operations until the closing of its next round of equity financing.

B. The Investors are willing to advance funds to the Company in exchange for the issuance to them of (i) certain subordinated convertible promissory notes evidencing the Company's obligation to repay the Investors' loans of the advanced funds and (ii) certain warrants to purchase shares of the Company's capital stock, all as provided in this Agreement.

NOW THEREFORE, the parties hereby agree as follows:

1. PURCHASE AND SALE OF NOTES AND WARRANTS.

1.1 Note Purchase. Subject to the terms and conditions of this Agreement, the Company agrees to sell to each Investor, and each Investor severally agrees to purchase from the Company, a Subordinated Convertible Promissory Note in the form attached to this Agreement as Exhibit B (individually a "**Note**" and collectively the "**Notes**") in the principal amount set forth opposite such Investor's name on Exhibit A.

1.2 Warrant Issuance. Subject to the terms and conditions of this Agreement, the Company further agrees to sell and issue to each Investor or his designee a warrant to purchase shares of the Company's capital stock ("**Warrant Stock**") in the form attached hereto as Exhibit C (individually a "**Warrant**" and collectively the "**Warrants**") at the price set forth opposite such Investor's name on Exhibit A.

2. CLOSING.

2.1 The Initial Closing. The purchase and sale of the Notes in the aggregate principal amount of up to \$300,000 will take place remotely via the exchange of documents and signatures, at 10:00 a.m. Pacific Time on the Effective Date, or at such other time and place as may be mutually agreed upon by the Company and the Investors who have agreed to purchase a majority of the aggregate principal amount of the Notes listed on Exhibit A (which time and place are referred to as the "**Initial Closing**"). At the Initial Closing, each Investor will deliver to the Company payment in full for the Note and the Warrant in the amount set forth opposite such Investor's name on Exhibit A, which such Investor agrees to purchase at the Initial Closing by wire transfer of funds to the Company (see Exhibit E for instructions). At the Initial Closing, the Company will deliver to each Investor a duly executed Note in the principal amount set forth opposite such Investor's name on Exhibit A and a duly executed Warrant.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to each Investor that, except as set forth in the Schedule of Exceptions (the "**Schedule of Exceptions**") attached to this Agreement as Exhibit D (which Schedule of Exceptions shall be deemed to be representations and warranties to the Investors by the Company under this Section 3), the statements in the following paragraphs of this Section 3 are all true and complete as of immediately prior to the Closing:

3.1 Organization, Good Standing and Qualification. The Company has been duly incorporated and organized, and is validly existing in good standing, under the laws of the State of Delaware. The Company has the corporate power and authority to own and operate its properties and assets and to carry on its business as currently conducted and as presently proposed to be conducted. The Company is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which the failure to be so qualified would have a material adverse effect on the business, operations, assets (intangible or otherwise), properties, liabilities, financial condition, or prospects of the Company (a "**Material Adverse Effect**").

3.2 Due Authorization. All corporate action on the part of the Company's directors and shareholders necessary for the authorization, execution, delivery of, and the performance of all obligations of the Company under, this Agreement, the Notes and the Warrants has been taken or will be taken prior to the Closing, and this Agreement constitutes, and the Notes and Warrants, when executed and delivered, will constitute, valid and legally binding obligations of the Company, enforceable in accordance with their respective 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 creditor's rights generally and (ii) the effect of rules of law governing the availability of equitable remedies.

3.3 Corporate Power. The Company has the corporate power and authority (i) to execute and deliver this Agreement and the Notes and Warrants to be purchased by the Investors hereunder, (ii) to issue the Notes and the Warrants, and (iii) to carry out and perform all its obligations under this Agreement and the Notes and Warrants.

3.4 Valid Issuance.

(a) The Notes and the shares of the Company's capital stock issuable upon the conversion of the Notes (the "**Conversion Stock**"), the Warrants and the Warrant Stock, when issued, sold and delivered in accordance with the terms of this Agreement, the Notes and the Warrants for the consideration provided for herein and therein, will be duly and validly issued, fully paid and nonassessable.

(b) Based in part on the representations made by the Investors in Section 4 hereof, the offer and sale of the Notes and the Warrants solely to the Investors in accordance with this Agreement are exempt from the registration and prospectus delivery requirements of the U.S. Securities Act of 1933, as amended (the "**1933 Act**") and the securities registration and qualification requirements of the currently effective provisions of the securities laws of the states in which the Investors are resident based upon their addresses set forth on the Schedule of Investors attached hereto as Exhibit A.

3.5 Capitalization. The capitalization of the Company immediately prior to the Initial Closing consists of the following:

(a) **Common Stock.** A total of 90,000,000 authorized shares of common stock at .0001 par value per share (the "**Common Stock**"), of which 50,000,013 shares are issued and outstanding.

(b) **Preferred Stock.** A total of 10,000,000 authorized shares of preferred stock at .0001 par value per share (the "**Preferred Stock**"), of which no shares are issued and outstanding.

(c) **Options, Warrants, Reserved Shares.** There are no outstanding options, warrants, rights (including conversion or preemptive rights) or agreements for the purchase or acquisition from the Company of any shares of its capital stock or any securities convertible into or ultimately exchangeable or exercisable for any shares of the Company's capital stock. No shares of the Company's outstanding capital stock, or stock issuable upon exercise or exchange of any outstanding options, warrants or rights, or other stock issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such stock (whether in favor of the Company or any other person), pursuant to any agreement or commitment of the Company.

3.6 Compliance with Law. To the Company's knowledge, the Company is in compliance with all applicable statutes, laws, regulations and executive orders of the United States of America and all states, foreign countries or other governmental bodies and agencies having jurisdiction over the Company's business or properties where such violation would have a material and adverse impact on the Company's business. The Company has not received any notice of any violation of any such statute, law, regulation or order that has not been remedied prior to the date hereof. The execution, delivery and performance of this Agreement and the Notes and Warrants and the consummation of the transactions contemplated hereby or thereby will not result in any such violation.

3.7 Permits. The Company has all franchises, permits, business licenses, and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could have a Material Adverse Effect, and believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as presently planned to be conducted. The Company is not in default in any material respect under any of such franchises, permits, business licenses or other similar authority.

3.8 Compliance with Documents. The Company is not in violation or default of any provisions of its Articles of Incorporation or Bylaws, both as amended to-date. The execution, delivery and performance of this Agreement and the Notes and Warrants and the consummation of the transactions contemplated hereby or thereby will not (a) be in conflict with or result in a violation or breach of, with or without the passage of time or the giving of notice or both, the Company's Articles of Incorporation or Bylaws, or any judgment, order or decree of any court or arbitrator to which the Company is a party or is subject, or (b) constitute an event that results in the creation of any lien, charge or encumbrance upon any asset of the Company.

3.9 Litigation. There is no action, suit, proceeding, claim, arbitration or investigation pending (or, to the Company's knowledge, currently threatened) against the Company, its activities or its properties before any court or governmental agency.

4. REPRESENTATIONS, WARRANTIES AND CERTAIN AGREEMENTS OF INVESTORS. Each Investor hereby represents and warrants to, and agrees with, the Company, that:

4.1 Authorization. This Agreement constitutes such Investor's valid and legally binding obligation, enforceable 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 and (ii) the effect of rules of law governing the availability of equitable remedies. Each Investor represents that such Investor has full power and authority to enter into this Agreement.

4.2 Purchase for Own Account. The Notes and the Conversion Stock and the Warrants and the Warrant Stock, and the Company's Common Stock issuable upon conversion of such Conversion Stock and Warrant Stock (collectively, the "**Securities**") will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the public resale or distribution thereof within the meaning of the 1933 Act, and such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same.

4.3 Disclosure of Information. Such Investor has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the Securities. Such Investor further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to such Investor or to which such Investor had access. The foregoing, however, does not in any way limit or modify the representations and warranties made by the Company in Section 3.

4.4 Investment Experience. Such Investor understands that the purchase of the Securities involves substantial risk. Such Investor (i) has experience as an investor in securities of companies in the development stage and acknowledges that such Investor is able to fend for itself, can bear the economic risk of such Investor's investment in the Securities and has such knowledge and experience in financial or business matters that such Investor is capable of evaluating the merits and risks of this investment in the Securities and protecting its own interests in connection with this investment and/or (ii) has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables such Investor to be aware of the character, business acumen and financial circumstances of such persons.

4.5 Accredited Investor Status. Such Investor is an "accredited investor" within the meaning of Regulation D promulgated under the 1933 Act.

4.6 Restricted Securities. Such Investor understands that the Securities are characterized as "restricted securities" under the 1933 Act and Rule 144 promulgated thereunder inasmuch as they are being acquired from the Company in a transaction not involving a public offering, and that under the 1933 Act and applicable regulations thereunder such securities may be resold without registration under the 1933 Act only in certain limited circumstances. In this connection, such Investor is familiar with Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the 1933 Act. Such Investor understands that the Company is under no obligation to register any of the securities sold hereunder. Such Investor understands that a very limited public market now exists for any of the Securities and that it is uncertain whether a robust public market will ever exist for the Securities.

4.7 No Solicitation. At no time was the Investor presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Securities.

4.8 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Investor further agrees not to make any disposition of all or any portion of the Securities unless and until:

(a) there is then in effect a registration statement under the 1933 Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) such Investor shall have notified the Company of the proposed disposition, and shall have furnished the Company with a statement of the circumstances surrounding the proposed disposition, and, at the expense of such Investor or its transferee, with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such securities under the 1933 Act.

Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be required: (i) for any transfer of any Notes or Conversion Stock or Warrants or Warrant Stock in compliance with Rule 144 or Rule 144A; (ii) for any transfer of any Notes or Conversion Stock or Warrants or Warrant Stock by an Investor that is a partnership or a corporation to (A) a partner of such partnership or shareholder of such corporation, (B) a controlled affiliate of such partnership or corporation, (C) a retired partner of such partnership who retires after the date hereof, (D) the estate of any such partner or shareholder; or (iii) for the transfer by gift, will or in testate succession by any Investor to his or her spouse or lineal descendants or ancestors or any trust for any of the foregoing; provided that in each of the foregoing cases the transferee agrees in writing to be subject to the terms of this Section 4 to the same extent as if the transferee were an original Investor hereunder.

4.9 Legends. Such Investor understands and agrees that the certificates evidencing the Securities will bear legends substantially similar to those set forth below in addition to any other legend that may be required by applicable law, by the Company's Articles of Incorporation or Bylaws, or by any agreement between the Company and such Investor:

(a) ***THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.***

(b) Any legend required by the laws of the State of Delaware or any other state securities laws.

The legend set forth in (a) above shall be removed by the Company from any certificate evidencing the Securities upon delivery to the Company of an opinion of counsel, reasonably satisfactory to the Company, that a registration statement under the 1933 Act is at that time in effect with respect to the legended security or that such security can be freely transferred in a public sale (other than pursuant to Rule 144 or Rule 145 under the 1933 Act) without such a registration statement being in effect and that such transfer will not jeopardize the exemption or exemptions from registration pursuant to which the Company issued the Securities.

5. CONDITIONS TO CLOSING.

5.1 Conditions to Investors' Obligations. The obligations of each Investor under Section 2 of this Agreement are subject to the fulfillment or waiver, on or before the applicable Closing, of each of the following conditions, the waiver of which shall not be effective against any Investor who does not consent to such waiver, which consent may be given by written, oral or telephone communication to the Company, its counsel or to special counsel to the Investors:

(a) Except as otherwise specifically set forth in Section 3 hereof, each of the representations and warranties of the Company contained in Section 3 shall be true and correct on and as of such Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing;

(b) the Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before such Closing and shall have obtained all approvals, consents and qualifications necessary to complete the purchase and sale described herein; and

5.2 Condition to Company's Obligations. The obligations of the Company to each Investor under this Agreement are subject to the fulfillment or waiver on or before the applicable Closing of the following condition by such Investor:

(a) Each of the representations and warranties of such Investor contained in Section 4 shall be true and correct on the date of such Closing with the same effect as though such representations and warranties had been made on and as of such Closing;

(b) such Investor shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before such Closing and shall have obtained all approvals, consents and qualifications necessary to complete the purchase and sale described herein; and

6. GENERAL PROVISIONS.

6.1 Survival of Warranties. The representations, warranties and covenants of the Company and the Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of any of the Investors or the Company, as the case may be.

6.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

6.3 Governing Law. This Agreement shall be governed by and construed under the internal laws of the State of Delaware.

6.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.5 Headings. The headings and captions used in this Agreement are used only for convenience and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to sections, paragraphs, exhibits and schedules shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits and schedules attached hereto, all of which exhibits and schedules are incorporated herein by this reference.

6.6 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (a) at the time of personal delivery, if delivery is in person; (b) one business day after deposit with an express overnight courier for United States deliveries, or two business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (c) three business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries when addressed to the Investor to be notified at the address indicated for such party on Exhibit A or, in the case of the Company, at 9452 East Heritage Trail Drive; Scottsdale, Arizona 85255, or at such other address as any party may designate by giving ten days' advance written notice to all other parties.

6.7 **No Finder's Fees.** Each Investor agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finders' or broker's fee (and any asserted liability) for which the Investor or any of its officers, partners, employees, or representatives is responsible. The Company agrees to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's or broker's fee (and any asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

6.8 **Amendments and Waivers.** Any term of this Agreement, the Notes, and the Warrants may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of Notes representing at least 60% of the aggregate principal amount of the Notes at the time outstanding; provided, however, that New Investors may become parties to this Agreement in accordance with Section 2.3 without any amendment of this Agreement or any consent or approval of any Investor. Any amendment or waiver effected in accordance with this Section 6.8 shall be binding upon each holder of Notes or Warrants at the time outstanding, each future holder of such securities, and the Company.

6.9 **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

6.10 **Entire Agreement.** This Agreement, together with all exhibits and schedules hereto and the Notes and Warrants issued pursuant hereto, constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings duties or obligations between the parties with respect to the subject matter hereof.

6.11 **Further Assurances.** From and after the date of this Agreement, upon the request of any Investor or the Company, the Company and the Investors shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

THE COMPANY

LAREDO OIL, INC.

By: _____
Name: Bradley E. Sparks
Title: Chief Financial Officer

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

THE INVESTORS

By: _____
Name: _____
Title: _____

Attachments:

- Exhibit A - Schedule of Investors
- Exhibit B - Form of Note
- Exhibit C - Form of Warrant
- Exhibit D - Schedule of Exceptions
- Exhibit E - Wire Instructions

EXHIBIT A

Schedule of Investors

<u>Name</u>	<u>Address</u>	<u>\$Amount</u>	<u>Warrant Price</u> \$2.00
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EXHIBIT D

Schedule of Exceptions

None.

EXHIBIT E

Wire Instructions

Wells Fargo Bank

Routing Number: _____

Account: _____

For the Benefit of: Laredo Oil, Inc.

NOTIFY UPON RECEIPT OF FUNDS:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**WARRANT TO PURCHASE STOCK
OF
LAREDO OIL, INC.**

Warrant No. ___

Issued on (Date)
Void after (Date), 2015

This certifies that in consideration of the sum of (Amount) previously paid to LAREDO OIL, INC., a Delaware corporation (the "**Company**"), with principal offices at 9452 East Heritage Trail Drive; Scottsdale, Arizona 85255, receipt of which is hereby acknowledged, (INVESTOR NAME) is entitled, subject to the terms and conditions of this Warrant, to purchase from the Company at any time after the earlier to occur to (i) the closing of the Next Financing (as defined below) or (ii) the Maturity Date of the Note (as defined below), and prior to 5:00 p.m. Pacific Time on (Date), 2015 (the "**Expiration Date**") up to that number of shares of Warrant Stock (as defined below) as may be purchased for the Purchase Amount (as defined below) at a price per share equal to the Warrant Price (as defined below), upon surrender of this Warrant at the principal offices of the Company, together with a duly executed subscription form in the form attached hereto as Exhibit 1 and simultaneous payment of the full Warrant Price for the shares of Warrant Stock so purchased in lawful money of the United States. The Warrant Price and the number and character of shares of Warrant Stock purchasable under this Warrant are subject to adjustment as provided herein.

This Warrant is issued pursuant to that certain Note and Warrant Purchase Agreement dated as of (Date) (the "**Purchase Agreement**"), by and among the Company, the original holder of this Warrant and certain other investors listed on the Schedule of Investors attached to the Purchase Agreement as Exhibit A, and is subject to the provisions thereof.

1. DEFINITIONS. The following definitions shall apply for purposes of this Warrant:

1.1 "Change of Control" means (a) any sale or exchange of the capital stock by the shareholders of the Company in one transaction or series of related transactions where more than 50% of the outstanding voting power of the Company is acquired by a person or entity or group of related persons or entities; or (b) any reorganization, consolidation, merger or similar transaction or series of related transactions (each, a "**combination transaction**") in which the Company is a constituent corporation or is a party if, as a result of such combination transaction, the voting securities of the Company that are outstanding immediately prior to the consummation of such combination transaction (other than any such securities that are held by an Acquiring Shareholder, as defined below) do not represent, or are not converted into, securities of the surviving corporation of such combination transaction (or such surviving corporation's parent corporation if the surviving corporation is owned by the parent corporation) that, immediately after the consummation of such combination transaction, together possess at least a majority of the total voting power of all securities of such surviving corporation (or its parent corporation, if applicable) that are outstanding immediately after the consummation of such combination transaction, including securities of such surviving corporation (or its parent corporation, if applicable) that are held by the Acquiring Shareholder; or (c) a sale of all or substantially all of the assets of the Company, that is followed by the distribution of the proceeds to the Company's shareholders. For purposes of this Section 1.1, an "**Acquiring Shareholder**" means a shareholder or shareholders of the Company that (i) merges or combines with the Company in such combination transaction or (ii) owns or controls a majority of another corporation that merges or combines with the Company in such combination transaction.

1.2 “**Company**” means the “**Company**” as defined above and includes any corporation that shall succeed to or assume the obligations of the Company under this Warrant.

1.3 “**Holder**” means any person who shall at the time be the registered holder of this Warrant.

1.4 “**Next Financing**” means the Company’s next sale of its preferred or common stock (but not issuances only of options or warrants to acquire such preferred stock) in one transaction or series of related transactions undertaken by the Company primarily for capital-raising purposes for an aggregate purchase price paid to the Company of no less than \$7,500,000 (including the principal amount of and accrued interest or any other amounts owing on any convertible promissory notes of the Company converted into capital stock and issued therein).

1.5 “**Note**” means the Subordinated Convertible Promissory Note of even date herewith initially payable to the initial Holder hereof.

1.6 “**Notes**” means a series of subordinated convertible promissory notes aggregating up to \$300,000 in principal amount issued under the Purchase Agreement, of which the Note is one, each such note containing substantially identical terms and conditions as the Note.

1.7 “**Purchase Amount**” means two hundred fifty percent (250%) of the principal amount of the Note.

1.8 “**Warrant**” means this Warrant and any warrant(s) delivered in substitution or exchange therefore, as provided herein.

1.9 “**Warrants**” means a series of warrants to purchase the **Company**’s preferred or common stock issued under the Purchase Agreement, of which this Warrant is one, each such warrant containing substantially identical terms and conditions as this Warrant.

1.10 “**Warrant Price**” means the lower of (a) if the Warrant Stock is the type of preferred or common stock of the Company sold in the Next Financing, an amount equal to the lowest per share selling price of shares of that stock issued in the Next Financing and (b) \$2.00 per share. The Warrant Price is subject to adjustment as provided herein.

1.11 “**Warrant Stock**” means the Company’s preferred or common stock sold in the Next Financing. The number and character of shares of Warrant Stock are subject to adjustment as provided herein and the term “**Warrant Stock**” shall include stock and other securities and property at any time receivable or issuable upon exercise of this Warrant in accordance with its terms.

2. EXERCISE.

2.1 **Method of Exercise.** Subject to the terms and conditions of this Warrant, the Holder may exercise this Warrant in whole only, at any time or from time to time, on any business day before the Expiration Date for up to that number of shares of Warrant Stock that is obtained by dividing (a) the Purchase Amount by (b) one dollar (\$1.00), by surrendering this Warrant at the principal offices of the Company, with the subscription form attached hereto duly executed by the Holder, and payment of an amount equal to the product obtained by multiplying (i) the number of shares of Warrant Stock to be purchased by the Holder by (ii) the Warrant Price or adjusted Warrant Price therefore, if applicable, as determined in accordance with the terms hereof.

2.2 Form of Payment. Payment may be made by (i) a check payable to the Company's order, (ii) wire transfer of funds to the Company, (iii) cancellation of indebtedness of the Company to the Holder, or (iv) any combination of the foregoing.

2.3 No Fractional Shares. No fractional shares may be issued upon any exercise of this Warrant, and any fractions shall be rounded down to the nearest whole number of shares. If upon any exercise of this Warrant a fraction of a share results, the Company will pay the cash value of any such fractional share, calculated on the basis of the Warrant Price.

2.4 Restrictions on Exercise. This Warrant may not be exercised if the issuance of the Warrant Stock upon such exercise would constitute a violation of any applicable federal or state securities laws or other laws or regulations. As a condition to the exercise of this Warrant, the Holder shall execute the subscription form attached hereto as Exhibit 1, confirming and acknowledging that the representations and warranties of the Holder set forth in Section 4 of the Purchase Agreement are true and correct as of the date of exercise.

2.5 Net Exercise. In lieu of cash exercising this Warrant, the holder of this Warrant may elect to receive shares equal to the value of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company together with notice of such election, in which event the Company shall issue to the holder hereof a number of shares of Warrant Stock computed using the following formula:

$$X = \frac{Y(A - B)}{A}$$

Where:

X -- The number of shares of Warrant Stock to be issued to the holder of this Warrant.

Y -- The number of shares of Warrant Stock purchasable under this Warrant.

A -- The fair market value of one share of Warrant Stock.

B -- The Warrant Price (as adjusted to the date of such calculations).

For purposes of this Section 2.5, the fair market value of a share of Warrant Stock shall mean the average of the closing bid and asked prices of shares of Warrant Stock quoted in the over-the-counter market in which the shares of Warrant Stock are traded or the closing price quoted on any exchange on which such shares are listed, whichever is applicable, as published in the Western Edition of The Wall Street Journal for the ten (10) trading days prior to the date of determination of fair market value (or such shorter period of time during which such stock was traded over-the-counter or on such exchange). If the shares of Warrant Stock are not traded on the over-the-counter market or on an exchange, the fair market value shall be the price per share of Warrant Stock that the Company could obtain from a willing buyer for such shares sold by the Company from authorized but unissued shares of Warrant Stock, as such prices shall be determined in good faith by the Company's Board of Directors.

3. **ISSUANCE OF STOCK.** Except as set forth in Section 4, this Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above, and the person entitled to receive the shares of Warrant Stock issuable upon such exercise shall be treated for all purposes as the holder of record of such shares as of the close of business on such date. As soon as practicable on or after such date, the Company shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of whole shares of Warrant Stock issuable upon such exercise.

4. **EARLY EXPIRATION.** This Warrant shall automatically expire and be of no further force and effect without any action by the Holder immediately prior to (i) the effective date of a Change of Control. If the Company proposes at any time to effect a Change of Control, the Company shall mail to the Holder a notice specifying the date on which the Change of Control is anticipated to become effective, and the Holder shall have the right to exercise this Warrant for the applicable Warrant Stock prior to such expiration event.

5. **ADJUSTMENT PROVISIONS.** The number and character of shares of Warrant Stock issuable upon exercise of this Warrant (or any shares of stock or other securities or property at the time receivable or issuable upon exercise of this Warrant) and the Warrant Price therefore, are subject to adjustment upon the occurrence of the following events between the date this Warrant is issued and the date it is exercised:

5.1 **Adjustment for Stock Splits and Stock Dividends.** The Warrant Price of this Warrant and the number of shares of Warrant Stock issuable upon exercise of this Warrant (or any shares of stock or other securities at the time issuable upon exercise of this Warrant) shall each be proportionally adjusted to reflect any stock dividend, stock split or reverse stock split, or other similar event affecting the number of outstanding shares of Warrant Stock (or such other stock or securities).

5.2 **Adjustment for Other Dividends and Distributions.** In case the Company shall make or issue, or shall fix a record date for the determination of eligible holders entitled to receive, a dividend or other distribution payable respect to the Warrant Stock that is payable in (a) securities of the Company (other than issuances with respect to which adjustment is made under Sections 5.1 or 5.3) or (b) assets (other than cash dividends paid or payable solely out of retained earnings), then, and in each such case, the Holder, upon exercise of this Warrant at any time after the consummation, effective date or record date of such event, shall receive, in addition to the shares of Warrant Stock issuable upon such exercise prior to such date, the securities or such other assets of the Company to which the Holder would have been entitled upon such date if the Holder had exercised this Warrant immediately prior thereto (all subject to further adjustment as provided in this Warrant).

5.3 **Adjustment for Reorganization, Consolidation, Merger.** Except as provided in Section 4 (Early Expiration), in case of any recapitalization or reorganization of the Company after the date of this Warrant, or in case, after such date, the Company shall consolidate with or merge into another corporation, then, and in each such case, the Holder, upon the exercise of this Warrant (as provided in Section 2), at any time after the consummation of such recapitalization, reorganization, consolidation or merger, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the exercise of this Warrant prior to such consummation, the stock or other securities or property to which the Holder would have been entitled upon the consummation of such recapitalization, reorganization, consolidation or merger if the Holder had exercised this Warrant immediately prior thereto, all subject to further adjustment as provided in this Warrant, and the successor or purchasing corporation in such reorganization, consolidation or merger (if other than the Company) shall duly execute and deliver to the Holder a supplement hereto acknowledging such corporation's obligations under this Warrant; and in each such case, the terms of this Warrant shall be applicable to the shares of stock or other securities or property receivable upon the exercise of this Warrant after the consummation of such reorganization, consolidation or merger.

5.4 Conversion of Stock. In case all the authorized Warrant Stock of the Company is converted, pursuant to the Company's Articles of Incorporation, into common stock or other securities or property, or the Warrant Stock otherwise ceases to exist, then, in such case, the Holder, upon exercise of this Warrant at any time after the date on which the Warrant Stock is so converted or ceases to exist (the "**Termination Date**"), shall receive, in lieu of the number of shares of Warrant Stock that would have been issuable upon such exercise immediately prior to the Termination Date (the "**Former Number of Shares of Warrant Stock**"), the stock and other securities and property that the Holder would have been entitled to receive upon the Termination Date if the Holder had exercised this Warrant with respect to the Former Number of Shares of Warrant Stock immediately prior to the Termination Date (all subject to further adjustment as provided in this Warrant).

5.5 Notice of Adjustments. The Company shall promptly give written notice of each adjustment or readjustment of the Warrant Price or the number of shares of Warrant Stock or other securities issuable upon exercise of this Warrant. The notice shall describe the adjustment or readjustment and show in reasonable detail the facts on which the adjustment or readjustment is based.

5.6 No Change Necessary. The form of this Warrant need not be changed because of any adjustment in the Warrant Price or in the number of shares of Warrant Stock issuable upon its exercise.

5.7 Reservation of Stock. If at any time the number of shares of Warrant Stock or other securities issuable upon exercise of this Warrant shall not be sufficient to effect the exercise of this Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Warrant Stock or other securities issuable upon exercise of this Warrant as shall be sufficient for such purpose.

6. NO RIGHTS OR LIABILITIES AS SHAREHOLDER. This Warrant does not by itself entitle the Holder to any voting rights or other rights as a shareholder of the Company. In the absence of affirmative action by the Holder to purchase Warrant Stock by exercise of this Warrant, no provisions of this Warrant, and no enumeration herein of the rights or privileges of the Holder, shall cause the Holder to be a shareholder of the Company for any purpose.

7. NO IMPAIRMENT. The Company will not, by amendment of its articles of incorporation or bylaws, or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, willfully avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder against wrongful impairment. Without limiting the generality of the foregoing, the Company will take all such action as may be necessary or appropriate in order that the Company may duly and validly issue fully paid and nonassessable shares of Warrant Stock upon the exercise of this Warrant.

8. ATTORNEYS' FEES. In the event any party is required to engage the services of any attorneys for the purpose of enforcing this Warrant, or any provision thereof, the prevailing party shall be entitled to recover its reasonable expenses and costs in enforcing this Warrant, including attorneys' fees.

9. TRANSFER. Neither this Warrant nor any rights hereunder may be assigned, conveyed or transferred, in whole or in part, without the Company's prior written consent, which the Company may withhold in its sole discretion; provided, however, that this Warrant may be assigned, conveyed or transferred 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. The rights and obligations of the Company and the Holder under this Warrant and the Purchase Agreement shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

10. **GOVERNING LAW.** This Warrant shall be governed by and construed under the internal laws of the State of Delaware.
11. **HEADINGS.** The headings and captions used in this Warrant are used only for convenience and are not to be considered in construing or interpreting this Warrant. All references in this Warrant to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference.
12. **NOTICES.** Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (a) at the time of personal delivery, if delivery is in person; (b) one business day after deposit with an express overnight courier for United States deliveries, or two business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (c) three business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries when addressed to the party to be notified at the address indicated for such party on Exhibit A to the Purchase Agreement or, in the case of the Company, at 9452 East Heritage Trail Drive; Scottsdale, Arizona 85255, or at such other address as any party or the Company may designate by giving ten days' advance written notice to all other parties.
13. **AMENDMENT; WAIVER.** This Warrant and all other Warrants issued under the Purchase Agreement may be amended and provisions may be waived by the warrant holders and the Company as provided in Section 6.8 of the Purchase Agreement. Any amendment or waiver effected in accordance with this Section 13 shall be binding upon each holder of any Warrants at the time outstanding, each future holder of such securities, and the Company.
14. **SEVERABILITY.** If one or more provisions of this Warrant are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Warrant and the balance of the Warrant shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.
15. **TERMS BINDING.** By acceptance of this Warrant, the Holder accepts and agrees to be bound by all the terms and conditions of this Warrant.
16. **PURCHASE AGREEMENT.** This Warrant incorporates by reference all the terms of the Purchase Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Warrant as of the date first written above.

THE COMPANY:
LAREDO OIL, INC.

By: _____
Name: Bradley E. Sparks
Title: Chief Financial Officer

AGREED AND ACKNOWLEDGED

THE HOLDER:

By: _____
Name: _____
Title: _____

EXHIBIT 1

FORM OF SUBSCRIPTION

(To be signed only upon exercise of Warrant)

To: LAREDO OIL, INC.

(1) The undersigned Holder hereby elects to purchase _____ shares of _____ Stock of LAREDO OIL, INC. (the "**Warrant Stock**") pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price for such shares in full.

(2) In exercising the Warrant, the undersigned Holder hereby confirms and acknowledges that the representations and warranties set forth in Section 4 of the Purchase Agreement (as defined in the Warrant) as they apply to the undersigned Holder continue to be true and correct as of this date.

(3) Please issue a certificate or certificates representing such shares of Warrant Stock in the name specified below:

(Name)

(Address)

(City, State, Zip Code)

(Federal Tax Identification Number)

(Date)

THE SALE OF THE SECURITIES THAT ARE THE SUBJECT OF THIS NOTE HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS NOTE ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

THIS NOTE AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

LAREDO OIL, INC.

SUBORDINATED CONVERTIBLE PROMISSORY NOTE

Note No. ____
(Amount)

Made as of (Date)

For value received, LAREDO OIL, INC., a Delaware corporation (the "**Company**"), with principal offices at 9452 East Heritage Trail Drive; Scottsdale, Arizona 85255, hereby promises to pay to (Investor Name) ("**Holder**") or its registered assigns, the principal sum of (Amount) (the "**Principal Amount**"), or such lesser amount as shall then equal the outstanding principal amount hereunder, together with simple interest on the unpaid principal balance at a rate equal to 10% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days from the date of this Note until the principal amount and all interest accrued thereon and all other amounts owed hereunder are paid (or converted, as provided in Section 6 hereof). The unpaid Principal Amount, together with any then unpaid accrued interest and all other amounts owed hereunder, shall be due and payable on the earlier of (i) the closing date of the New Financing (the "**Maturity Date**") or (ii) when such amounts are made automatically due and payable upon or after the occurrence of an Event of Default (as defined below) at the principal offices of the Company or by mail to the address of the registered holder of this Note in lawful money of the United States, unless this Note shall have been converted pursuant to Section 6 hereof. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Purchase Agreement (as defined below).

The following is a statement of the rights of Holder and the conditions to which this Note is subject, and to which Holder hereof, by the acceptance of this Note, agrees:

1. **DEFINITIONS.** The following definitions shall apply for all purposes of this Note:

1.1 "**Change of Control**" means (a) any sale or exchange of the capital stock by the shareholders of the Company in one transaction or series of related transactions where more than 50% of the outstanding voting power of the Company is acquired by a person or entity or group of related persons or entities; or (b) any reorganization, consolidation, merger or similar transaction or series of related transactions (each, a "**combination transaction**") in which the Company is a constituent corporation or is a party if, as a result of such combination transaction, the voting securities of the Company that are outstanding immediately prior to the consummation of such combination transaction (other than any such securities that are held by an Acquiring Shareholder, as defined below) do not represent, or are not converted into, securities of the surviving corporation of such combination transaction (or such surviving corporation's parent corporation if the surviving corporation is owned by the parent corporation) that, immediately after the consummation of such combination transaction, together possess at least a majority of the total voting power of all securities of such surviving corporation (or its parent corporation, if applicable) that are outstanding immediately after the consummation of such combination transaction, including securities of such surviving corporation (or its parent corporation, if applicable) that are held by the Acquiring Shareholder; or (c) a sale of all or substantially all of the assets of the Company, that is followed by the distribution of the proceeds to the Company's shareholders. For purposes of this Section 1.1, an "**Acquiring Shareholder**" means a shareholder or shareholders of the Company that (i) merges or combines with the Company in such combination transaction or (ii) owns or controls a majority of another corporation that merges or combines with the Company in such combination transaction.

1.2 “**Company**” means the “**Company**” as defined above and includes any corporation that shall succeed to or assume the obligations of the Company under this Note.

1.3 “**Conversion Price**” means if the Conversion Stock is the type of stock of the Company sold in the Next Financing, an amount equal to the lowest per share selling price, less 20%, of shares of that stock issued in the Next Financing. The Conversion Price is subject to adjustment as provided herein.

1.4 “**Conversion Stock**” means the Company’s preferred or common stock sold in the Next Financing. The number and character of shares of Conversion Stock are subject to adjustment as provided herein and the term “**Conversion Stock**” shall include stock and other securities and property at any time receivable or issuable upon conversion of this Note in accordance with its terms.

1.5 “**Holder**” means any person who shall at the time be the registered holder of this Note.

1.6 “**Next Financing**” means the Company’s next sale of its Preferred or Common Stock in one transaction or a series of related transactions for an aggregate purchase price paid to the Company of no less than \$7,500,000 (including the principal amount of and accrued interest or any other amounts owing on any convertible promissory notes of the Company converted into capital stock and issued therein).

1.7 “**Note**” means this Subordinated Convertible Promissory Note.

1.8 “**Notes**” means a series of subordinated convertible promissory notes aggregating up to \$300,000 in principal amount issued under the Purchase Agreement (defined below), of which this Note is one, each such note containing substantially identical terms and conditions as this Note.

2. **PURCHASE AGREEMENT.** This Note is issued pursuant to that certain Note and Warrant Purchase Agreement dated as of (Date) (the “**Purchase Agreement**”), by and among the Company, the original holder of this Note and certain other investors listed on the Schedule of Investors attached to the Purchase Agreement as Exhibit A, and is subject to the provisions thereof.

3. **EVENTS OF DEFAULT.** An “Event of Default” will occur if any of the following happens and such default is not cured within a five-day period after the Holder has given the Company written notice of such default:

- (a) the Company fails to make any payment when due hereunder;
- (b) the Company breaches any material obligation to the Holder under this Note; or
- (c) a receiver is appointed for any material part of the Company's property, the Company makes an assignment for the benefit of creditors, or the Company becomes a debtor or alleged debtor in a case under the U.S. Bankruptcy Code or becomes the subject of any other bankruptcy or similar proceeding for the general adjustment of its debts.

Upon the occurrence of any Event of Default, all accrued but unpaid expenses, accrued but unpaid interest, all principal, and any other amounts outstanding under this Note shall become immediately due and payable in full without further notice or demand by the Holder.

4. **NOTES ARE PARI PASSU.** The Notes issued pursuant to the Purchase Agreement shall rank equally without preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied ratably and proportionately on all outstanding Notes on the basis of the original principal amount of outstanding Notes.

5. **PREPAYMENT.** The Company may not prepay this Note.

6. **CONVERSION.**

6.1 **Conversion in Next Financing.** Unless an election to receive cash for repayment of this Note is made five days prior to the closing of the Next Financing (or the first closing in a series of closings) (the "**Closing**"), all principal and accrued interest and other sums then accrued under this Note shall automatically convert into shares of Conversion Stock at the Conversion Price. Holder will deliver the original Note to the Company and will execute and deliver to the Company at the Closing such stock purchase agreement, investors' rights agreement, co-sale agreement, voting agreement and/or other agreements as are entered into by the investors in the Next Financing generally.

6.2 **Issuance of Conversion Stock.** As soon as practicable after conversion of this Note, the Company at its expense will cause to be issued in the name of and delivered to the Holder, a certificate or certificates for the number of shares of Conversion Stock to which the Holder shall be entitled upon such conversion (bearing such legends as may be required by applicable state and federal securities laws in the opinion of legal counsel of the Company, by the Company's Articles of Incorporation or Bylaws, or by any agreement between the Company and the Holder), together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note. Such conversion shall be deemed to have been made on the date of the Closing of the Next Financing. No fractional shares will be issued upon conversion of this Note. If upon any conversion of this Note (and all other Notes held by the same Investor, after aggregating all such conversions), a fraction of a share would otherwise result, then in lieu of such fractional share the Company will pay the cash value of that fractional share, calculated on the basis of the applicable Conversion Price.

6.3 **Termination of Rights.** All rights with respect to this Note shall terminate upon the issuance of shares of the Conversion Stock upon conversion of this Note, whether or not this Note has been surrendered and whether or not all stock purchase, investors' rights, co-sale, voting or other agreements have been executed and delivered by the Holder to the Company. Notwithstanding the foregoing, Holder agrees to surrender this Note to the Company for cancellation as soon as is possible following conversion of this Note. The Holder shall not be entitled to receive the stock certificate representing the shares of Conversion Stock to be issued upon conversion of this Note until the original of this Note is surrendered to the Company and the agreements referenced in this Section 6 have been executed and delivered to the Company.

7. **ADJUSTMENT PROVISIONS.** The number and character of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities or property at the time receivable or issuable upon conversion of this Note) and the Conversion Price therefore, are subject to adjustment upon occurrence of the following events between the date this Note is issued and the date it is converted:

7.1 **Adjustment for Stock Splits and Stock Dividends.** If the conversion is made under Section 6.1 above, the Conversion Price of this Note and the number of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities at the time issuable upon conversion of this Note) shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, reclassification, or other similar event affecting the number of outstanding shares of Conversion Stock (or such other stock or securities).

7.2 **Adjustment for Other Dividends and Distributions.** In case the Company shall make or issue, or shall fix a record date for the determination of eligible holders entitled to receive, a dividend or other distribution payable with respect to the capital stock that is payable in (a) securities of the Company (other than issuances with respect to which adjustment is made under Section 7.1), or (b) assets (other than cash dividends paid or payable solely out of retained earnings), then, and in each such case, the Holder, upon conversion of this Note at any time after the consummation, effective date or record date of such event, shall receive, in addition to the shares of Conversion Stock issuable upon such exercise prior to such date, the securities or such other assets of the Company to which the Holder would have been entitled upon such date if the Holder had converted this Note immediately prior thereto (all subject to further adjustment as provided in this Note).

7.3 **Adjustment for Reorganization, Consolidation, Merger.** In case of any reorganization of the Company (or of any other corporation the stock or other securities of which are at the time receivable on the conversion of this Note), after the date this Note, or in case, after such date, the Company (or any corporation) shall consolidate with or merge into another corporation or convey all or substantially all of its assets to another corporation and then distribute the proceeds to its shareholders, then, and in each such case, the Holder, upon the conversion of this Note (as provided in Section 6) at any time after the consummation of such reorganization, consolidation, merger or conveyance, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the conversion of this Note prior to such consummation, the stock or other securities or property to which the Holder would have been entitled upon the consummation of such reorganization, consolidation, merger or conveyance if the Holder had converted this Note immediately prior thereto, all subject to further adjustment as provided in this Note, and the successor or purchasing corporation in such reorganization, consolidation, merger or conveyance (if other than the Company) shall duly execute and deliver to the Holder a supplement hereto acknowledging such corporation's obligations under this Note; and in each such case, the terms of the Note shall be applicable to the shares of stock or other securities or property receivable upon the conversion of this Note after the consummation of such reorganization, consolidation, merger or conveyance.

7.4 **Conversion of Stock.** In case all the authorized Conversion Stock of the Company is converted, pursuant to the Company's Articles of Incorporation, into Common Stock or other securities or property, or the Conversion Stock otherwise ceases to exist, then, in such case, the Holder, upon conversion of this Note at any time after the date on which the Conversion Stock is so converted or ceases to exist (the "***Termination Date***"), shall receive, in lieu of the number of shares of Conversion Stock that would have been issuable upon such exercise immediately prior to the Termination Date (the "***Former Number of Shares of Conversion Stock***"), the stock and other securities and property that the Holder would have been entitled to receive upon the Termination Date if the Holder had converted this Note with respect to the Former Number of Shares of Conversion Stock immediately prior to the Termination Date (all subject to further adjustment as provided in this Note).

7.5 Notice of Adjustments. The Company shall promptly give written notice of each adjustment or readjustment of the Conversion Price or the number of shares of Conversion Stock or other securities issuable upon conversion of this Note. The notice shall describe the adjustment or readjustment and show in reasonable detail the facts on which the adjustment or readjustment is based.

7.6 No Change Necessary. The form of this Note need not be changed because of any adjustment in the Conversion Price or in the number of shares of Conversion Stock issuable upon its conversion.

7.7 Reservation of Stock. If at any time the number of shares of Conversion Stock or other securities issuable upon conversion of this Note shall not be sufficient to effect the conversion of this Note, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Conversion Stock or other securities issuable upon conversion of this Note as shall be sufficient for such purpose.

8. NO VOTING OR OTHER RIGHTS. Except as expressly set forth herein, this Note does not by itself entitle the Holder to any voting rights or other rights as a shareholder of the Company. In the absence of conversion of this Note, no provisions of this Note, and no enumeration herein of the rights or privileges of the Holder, shall cause the Holder to be a shareholder of the Company for any purpose.

9. GENERAL PROVISIONS.

9.1 Waivers. The Company and all endorsers of this Note hereby waive notice, presentment, protest and notice of dishonor.

9.2 Attorneys' Fees. In the event any party is required to engage the services of any attorneys for the purpose of enforcing this Note, or any provision thereof, the prevailing party shall be entitled to recover its reasonable expenses and costs in enforcing this Note, including attorneys' fees.

9.3 Transfer. Neither this Note nor any rights hereunder may be assigned, conveyed or transferred, in whole or in part, without the Company's prior written consent, which the Company may withhold in its sole discretion; provided, however, that this Note may be assigned, conveyed or transferred 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; provided, further, that such transferee executes an acknowledgement that such transferee is subject to all the terms and conditions of this Note and satisfies the Company as to compliance with State and federal securities law. The rights and obligations of the Company and the Holder under this Note and the Purchase Agreement shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

9.4 Governing Law. This Note shall be governed by and construed under the internal laws of the State of Delaware.

9.5 Headings. The headings and captions used in this Note are used only for convenience and are not to be considered in construing or interpreting this Note. All references in this Note to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference.

9.6 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (a) at the time of personal delivery, if delivery is in person; (b) one business day after deposit with an express overnight courier for United States deliveries, or two business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (c) three business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries when addressed to the party to be notified at the address indicated for such party provided on Exhibit A to the Purchase Agreement or, in the case of the Company, at 9452 East Heritage Trail Drive; Scottsdale, Arizona 85255, or at such other address as any party or the Company may designate by giving ten days' advance written notice to all other parties.

9.7 Amendments and Waivers. This Note and all other Notes issued under the Purchase Agreement may be amended and provisions may be waived by the Note Holders and the Company as provided in Section 6 of the Purchase Agreement. Any amendment or waiver effected in accordance with this Section shall be binding upon each holder of any Notes at the time outstanding, each future holder of such securities, and the Company.

9.8 Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

9.9 Purchase Agreement. This Note incorporates by reference all the terms of the Purchase Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Subordinated Convertible Promissory Note to be signed in its name as of the date first written above.

THE COMPANY
LAREDO OIL, INC.

By: _____
Name: Bradley E. Sparks
Title: Chief Financial Officer

AGREED AND ACKNOWLEDGED:

THE HOLDER

By: _____
Name: _____
Title: _____