

WARRANT AGENCY ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT made as of June 18, 2007.

BETWEEN:

EQUITY TRANSFER & TRUST COMPANY, having an office at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1.

(the "New Agent")

AND:

PACIFIC CORPORATE TRUST COMPANY, a trust company existing under the laws of British Columbia, having an office at 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9.

(the "Prior Agent")

AND:

ENERGENTIA RESOURCES INC. (formerly KPS Ventures Ltd.), a company duly incorporated under the laws of British Columbia, having an office at 110 Yonge Street, Suite 1502, Toronto, Ontario, M5C 1T4.

(the "Company")

WHEREAS:

- A. The Prior Agent was appointed as warrant agent (the "Warrant Agent") for the common share purchase warrants (the "Warrants") of the Company pursuant to the terms of a warrant indenture dated February 14, 2007 among the Prior Agent and the Company (the "Warrant Indenture") providing for the issuance of up to 19,000,000 Warrants, a copy of which is attached to this Agreement as Schedule "A";
- B. The Prior Agent has ceased to act as the registrar and transfer agent of the Company and the New Agent has been appointed as the new registrar and transfer agent of the Company;
- C. The Company would like the New Agent, as registrar and transfer agent for the Company, to also act as Warrant Agent pursuant to the Warrant Indenture;

NOW THEREFORE, in consideration of the premises, covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. CHANGE OF WARRANT AGENT

1.1 **Resignation** - The Prior Agent hereby agrees to:

- (a) resign as Warrant Agent under the Warrant Indenture on the Effective Date (as defined in section 1.4); and
- (b) assign to the New Agent all of the Prior Agent's rights, duties, powers and interest in and under the Warrant Indenture on the Effective Date, with the exception of the indemnity in favour of the Warrant Agent for matters occurring before the Effective Date.

1.2 **Appointment** - The Company appoints the New Agent to replace the Prior Agent as Warrant Agent under the Warrant Indenture on the Effective Date.

1.3 **Acceptance** - The New Agent accepts its appointment as Warrant Agent under the Warrant Indenture and agrees to assume from the Prior Agent all of the rights, duties, powers and interest of the Prior Agent in and under the Warrant Indenture on the Effective Date, with the exception of the indemnity in favour of the Warrant Agent for matters occurring before the Effective Date.

1.4 **Effective Date** - For the purpose of this Agreement, the term "Effective Date" shall mean the date of this Agreement.

2. COVENANTS

2.1 **Covenant of the New Agent** - The New Agent agrees to comply with the applicable terms of the Warrant Indenture as if it were the named Warrant Agent.

2.2 **Covenant of the Prior Agent** – Provided that the payment of all amounts owing to the Prior Agent hereunder have been made, the Prior Agent agrees to deliver to the New Agent on the Effective Date the certificates representing the Warrants that are the subject of the Warrant Indenture as of the Effective Date, together with any related information or documentation in its possession.

3. INDEMNIFICATION

3.1 **Indemnify Prior Agent** – For greater certainty, the Company hereby acknowledges and confirms that the indemnity in favour of the Warrant Agent in the Warrant Indenture continues to apply to the Prior Agent for those matters occurring before the Effective Date.

3.2 **Indemnify New Agent** – For greater certainty, the Company hereby acknowledges and confirms that the indemnity in the Warrant Indenture applies to the New Agent for those matters occurring on and after the Effective Date.

3.3 **Survival** – The provisions of this Article 3 shall survive the resignation or removal of the New Agent as the Warrant Agent or the termination of the Warrant Indenture.

4. **GENERAL**

4.1 **Further Assurances** - The parties to this Agreement will with reasonable diligence do all such reasonable things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each party to this Agreement will execute and deliver such further documents or instruments required by the other party as may be reasonably necessary or desirable for the purposes of giving effect to or perfecting the transactions contemplated by this Agreement.

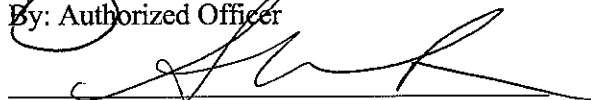
4.2 **Governing Law** - This Agreement will be governed by, construed and enforced in accordance with the laws of the Province of Ontario and the parties hereto submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

4.3 **Enurement** - This Agreement and each of its terms and provisions will enure to the benefit of and be binding upon the parties to this Agreement and their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first above written.

EQUITY TRANSFER & TRUST COMPANY


By: Authorized Officer


By: Authorized Officer

PACIFIC CORPORATE TRUST COMPANY

By: Authorized Officer

By: Authorized Officer

3.2 **Indemnify New Agent** – For greater certainty, the Company hereby acknowledges and confirms that the indemnity in the Warrant Indenture applies to the New Agent for those matters occurring on and after the Effective Date.

3.3 **Survival** – The provisions of this Article 3 shall survive the resignation or removal of the New Agent as the Warrant Agent or the termination of the Warrant Indenture.

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4.2 **Governing Law** - This Agreement will be governed by, construed and enforced in accordance with the laws of the Province of Ontario and the parties hereto submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

4.3 **Enurement** - This Agreement and each of its terms and provisions will enure to the benefit of and be binding upon the parties to this Agreement and their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first above written.

EQUITY TRANSFER SERVICES INC.

By: Authorized Officer

By: Authorized Officer

PACIFIC CORPORATE TRUST COMPANY

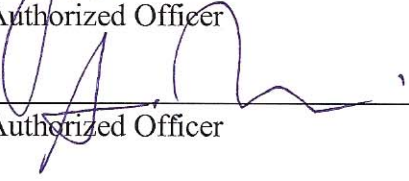
By: Authorized Officer **JEFF LUNSHOF**

TS444 _____
By: Authorized Officer **SANDY HUNTER**

ENERGENTIA RESOURCES INC.



By: Authorized Officer



By: Authorized Officer

Schedule “A”
Warrant Indenture
[Attached]

KPS VENTURES LTD.

- and -

PACIFIC CORPORATE TRUST COMPANY

COMMON SHARE PURCHASE WARRANT INDENTURE

Providing for the Issue of
up to 19,000,000 Common Share Purchase Warrants

February 14, 2007

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THIS WARRANT INDENTURE dated as of February 14, 2007.

BETWEEN:

KPS VENTURES LTD.

a corporation existing under the laws of British Columbia,
Canada

(hereinafter called the "**Corporation**")

AND:

PACIFIC CORPORATE TRUST COMPANY

a corporation existing under the laws
of British Columbia

(hereinafter called the "**Warrant Agent**")

WHEREAS:

A. Pursuant to the terms and conditions of an agency agreement dated the date hereof (the "**Agency Agreement**") between the Corporation and Sprott Securities Inc. ("**Sprott Securities**") and GMP Securities L.P. (and together with Sprott Securities, the "**Agents**"), the Corporation proposes to issue and sell up to 38,000,000 subscription receipts ("**Subscription Receipts**") of the Corporation (the "**Offering**");

B. The Subscription Receipts are governed by the terms and conditions of a subscription receipt agreement dated the date hereof (the "**Subscription Receipt Agreement**"), among the Corporation, Sprott Securities, on its own behalf and on behalf of the Agents, and the Warrant Agent (in its capacity as subscription receipt agent thereunder). Each Subscription Receipt is automatically exercisable for one common share in the capital of the Corporation (a "**Common Share**") and one-half of one Warrant (as defined herein) upon the satisfaction of the Escrow Release Conditions (as that term is defined in the Subscription Receipt Agreement);

C. Each whole Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Common Share at a price of \$0.75 per share at any time prior to 5:00 p.m. (Toronto time) on the date which is two years after the Closing Date (as defined herein), all upon the terms and conditions herein set forth;

D. For the purpose of the Offering, the Corporation deems it necessary to create and issue Warrants to be constituted and issued in the manner hereinafter set forth;

E. The Corporation is duly authorized to create and issue the Warrants to be issued as herein provided;

F. All things necessary have been done and performed to make the Warrants, when countersigned by the Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits of and subject to the terms of this Indenture;

G. The foregoing recitals are made as statements of fact by the Corporation and not by the Warrant Agent; and

H. The Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued and countersigned pursuant to this Indenture from time to time;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1. Definitions

In this Indenture, the following terms have the meanings set forth below:

"Accredited Investor" means accredited investor as defined in Rule 501(a) of Regulation D;

"Agency Agreement" has the meaning given to that term in the recitals above;

"Agents" has the meaning given to that term in the recitals above;

"Applicable Legislation" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of issuers and warrant agents under warrant indentures as are from time to time in force and applicable to this Indenture;

"Business Day" means a day that is not a Saturday, Sunday, a day on which banks are closed in the City of Toronto, Ontario and the City of Vancouver, British Columbia or a civic or statutory holiday in the City of Toronto, Ontario or the City of Vancouver, British Columbia;

"Circular" means the management information circular of the Corporation dated January 26, 2007 in respect of, among other things, the Acquisition (as such term is defined in the Subscription Receipt Agreement);

"Closing Date" means February 14, 2007 or such earlier or later date as the Corporation and the Agents may agree;

"Common Shares" has the meaning given to that term in the recitals above;

"Common Share Reorganization" has the meaning ascribed to that term in subsection 2.12(1);

"Corporation" means KPS Ventures Ltd., a corporation existing under the laws of British Columbia, and its lawful successors from time to time;

"Corporation's Auditors" means the chartered accountant or firm of chartered accountants duly appointed as auditor or auditors of the Corporation from time to time;

"Convertible Security" means a security of the Corporation (other than the Warrants) convertible into or exchangeable for or otherwise carrying the right to acquire Common Shares;

"counsel" means a barrister or solicitor (who may be an employee of the Corporation) or a firm of barristers and solicitors (who may be counsel to the Corporation), in both cases acceptable to the Warrant Agent;

"Current Market Price" at any date, means the weighted average price per share at which the Common Shares have traded:

- (i) on the TSXV;
- (ii) if the Common Shares are not listed on the TSXV, on any stock exchange upon which the Common Shares are listed as may be selected for this purpose by the directors, acting reasonably and in good faith; or
- (iii) if the Common Shares are not listed on any stock exchange, on any over-the-counter market;

during the 20 consecutive trading days (on each of which at least 500 Common Shares are traded in board lots) immediately preceding the relevant date and the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive trading days by the number of Common Shares sold, or if not traded on any recognized market or exchange, as determined by the directors of the Corporation acting reasonably;

"director" means a member of the board of directors of the Corporation for the time being, and unless otherwise specified herein, reference to **"action by the board of directors"** means action by the board of directors of the Corporation as a board or, whenever duly empowered, action by a committee of the board;

"Dividend Paid in the Ordinary Course" means any dividend paid by the Corporation on the Common Shares (whether in cash, securities, property or other assets), provided that the directors, acting reasonably and in good faith, do not by resolution determine that such dividend is extraordinary or otherwise out of the ordinary course having regard to the Corporation's dividend policy at such time, the value of such dividend, the effect of such dividend on the market value of the Common Shares after giving effect to the payment thereof, the form of payment of such dividend, the financial position of the Corporation and its subsidiaries on a consolidated basis, economic conditions, business

practices and such other factors as the directors may in their discretion consider to be relevant;

"Exchange Basis" means, at any time, the number of Common Shares or other classes of shares or securities which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof, such number being equal to one Common Share per Warrant as of the date hereof;

"Exercise Date" means, with respect to any Warrant, the date on which such Warrant is duly surrendered for exercise in accordance with the provisions of Article 3;

"Exercise Price" means \$0.75 for each Common Share issuable on exercise of a Warrant, subject to adjustment in accordance with the provisions of this Indenture;

"extraordinary resolution" has the meaning ascribed thereto in sections 6.11 and 6.14;

"Offering" has the meaning given to that term in the recitals above;

"person" means an individual, a corporation, a partnership, a syndicate, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

"Qualifying Jurisdictions" means, collectively, the Provinces of Alberta, British Columbia and Ontario;

"Regulation D" means Regulation D under the U.S. Securities Act;

"Regulation S" means Regulation S under the U.S. Securities Act;

"Rule 144A" means Rule 144A under the U.S. Securities Act;

"shareholder" means an owner of record of one or more Common Shares or shares of any other class or series of the Corporation;

"Subject Securities" means the Common Shares or other securities or property issuable upon the exercise of the Warrants as a result of any adjustment to the subscription rights pursuant to Article 2 hereof;

"Subscription Receipt" has the meaning given to that term in the recitals above;

"subsidiary of the Corporation" or **"Subsidiary"** means a corporation, a majority of the outstanding voting shares of which is beneficially owned, directly or indirectly, by the Corporation or by one or more subsidiaries of the Corporation and, as used in this definition, "voting shares" means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

"Sprott Securities" has the meaning given to that term in the recitals above;

"this Indenture", **"herein"**, **"hereby"** and similar expressions mean or refer to this Common Share purchase warrant indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions **"Article"**, **"section"** or **"subsection"** followed by a number or letter mean and refer to the specified Article, section or subsection of this Indenture;

"Time of Expiry" means 5:00 p.m. (Toronto time) on February 14, 2009;

"trading day" means a day on which the TSXV (or such other exchange on which the Common Shares are listed and which forms the primary trading market for such shares) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

"Transfer Agent" means the transfer agent or agents of the Common Shares from time to time;

"TSXV" means the TSX Venture Exchange Inc. or such other stock exchange on which the Common Shares are then listed and posted for trading;

"United States" means the United States as that term is defined in Regulation S;

"U.S. Person" means a "U.S. person" as that term is defined in Regulation S;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended;

"Warrants" means the Common Share purchase warrants of the Corporation issued hereunder entitling the holders thereof to purchase such number of Common Shares as represented by the Exchange Basis from time to time upon payment of the Exercise Price;

"Warrant Agent" means Pacific Corporate Trust Company a corporation existing under the laws of British Columbia, or any lawful successor thereto including through the operation of section 8.8;

"Warrant Certificates" means the certificates representing the Warrants substantially in the form attached as Schedule "A" hereto or such other form as may be approved by the Corporation, the Agents on behalf of the Warrantholders and the Warrant Agent;

"Warrantholders" or **"holders"** means the persons whose names are entered from time to time in the register maintained pursuant to section 2.8 as a registered holder of a Warrant;

"Warrantholders' Request" means an instrument, signed in one or more counterparts by Warrantholders entitled to acquire, in the aggregate, at least 25% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent to take some action (or refrain from taking some action) or proceeding specified therein; and

“written order of the Corporation”, “written request of the Corporation”, “written consent of the Corporation” and “certificate of the Corporation” and any other document required to be signed by the Corporation, means, respectively, a written order, request, consent, certificate or other document signed in the name of the Corporation by any officer or director and may consist of one or more instruments so executed.

1.2. Words Importing the Singular

Unless elsewhere otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3. Interpretation not Affected by Headings

The division of this Indenture into Articles, sections, subsections and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4. Day not a Business Day

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

1.5. Time of the Essence

Time shall be of the essence in all respects of this Indenture, the Warrants and the Warrant Certificates.

1.6. Governing Law

This Indenture, the Warrants and the Warrant Certificates shall be construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Each of the parties irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

1.7. Meaning of “outstanding” for Certain Purposes

Every Warrant represented by a Warrant Certificate executed by the Corporation and countersigned and delivered by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation or until the Time of Expiry; provided that where a replacement Warrant Certificate has been issued pursuant to section 2.6 hereof to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

1.8. Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars and, unless otherwise required or agreed to by the parties hereto, all payouts required to be made hereunder shall be made in Canadian dollars.

1.9. Termination

This Indenture shall continue in full force and effect until the earlier of: (a) the Time of Expiry; and (b) the date that no Warrants are outstanding hereunder; provided that this Indenture shall continue in effect thereafter, if applicable, until the Corporation and the Warrant Agent have fulfilled all of their respective obligations under this Indenture.

ARTICLE 2 ISSUE OF WARRANTS

2.1 Issue of Warrants

A total of up to 19,000,000 Warrants entitling the registered holders thereof to acquire an aggregate of up to 19,000,000 Common Shares (subject to adjustment as provided herein) are hereby created and authorized to be issued hereunder upon the terms and conditions herein set forth and shall be executed by the Corporation and countersigned by or on behalf of the Warrant Agent upon the written order of the Corporation and delivered by the Corporation in accordance with sections 2.3 and 2.4.

2.2 Form and Terms of Warrants

(1) The Warrant Certificates for the Warrants shall be substantially in the form attached as Schedule "A" hereto, subject to the provisions of this Indenture, with such additions, variations and changes as may be required or permitted by the terms of this Indenture, and which may from time to time be agreed upon by the Warrant Agent and the Corporation, and shall have such legends, distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Corporation may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities that may be acquired pursuant to the Warrants.

(2) Each Warrant authorized to be issued and countersigned hereunder shall entitle the registered holder thereof to acquire (subject to sections 2.12 and 2.13) upon due exercise and upon the due execution of the subscription form endorsed on the Warrant Certificate or other instrument of subscription in such form as the Warrant Agent and/or the Corporation may from time to time prescribe and upon payment of the Exercise Price, one Common Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of sections 2.12 and 2.13, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

- (3) Fractional Warrants shall not be issued or otherwise provided for.
- (4) A copy of this Indenture shall be made available for inspection at any time during the regular business hours of the Warrant Agent at the principal office of the Warrant Agent.
- (5) The Corporation shall, at the request of a Warrantholder, direct the Warrant Agent to include instructions on the Warrant Certificate in respect of such Warrantholder in substantially the following form:

"Notwithstanding anything contained herein to the contrary, the rights represented by this Warrant Certificate shall not be exercisable by the holder, in whole or in part, and the Corporation shall not give effect to any such exercise, if, after giving effect to such exercise, the holder, together with any person or company acting jointly or in concert with the holder (the "Joint Actors") would in the aggregate beneficially own, or exercise control or direction over that number of voting securities of the Corporation which is twenty percent (20%) or greater of the total issued and outstanding voting securities of the Corporation, immediately after giving effect to such exercise. For greater certainty, the rights represented by this Warrant Certificate shall not be exercisable by the holder, in whole or in part, and the Corporation shall not give effect to any such exercise, if, after giving effect to such exercise, the holder, together with its Joint Actors, would be deemed to hold a number of voting securities sufficient to materially affect the control of the Corporation. Prior to exercising the rights represented by this Warrant Certificate, the holder shall provide the Corporation with an officer's certificate stating the number of voting securities of the Corporation held by the holder and its Joint Actors as of the date provided for in the exercise notice (the "Officer's Certificate") and the Corporation shall be entitled to rely on the Officer's Certificate in making any determinations regarding the total issued and outstanding voting securities of the Corporation to be held by the holder and its Joint Actors after giving effect to the exercise.

These Warrants and the Common Shares issuable upon the exercise of these Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws. These Warrants may not be exercised in the United States (as defined in Regulation S under the U.S. Securities Act) unless these Warrants and the Common Shares issuable upon exercise hereof have been registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available."

2.3 Signing of Warrant Certificates

The Warrant Certificates shall be signed by any one director or officer of the Corporation and may, but need not be under the corporate seal of the Corporation or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile and Warrant Certificates bearing such facsimile signatures shall be binding upon the Corporation as if they had been manually signed by such director or officer. Notwithstanding that the person

whose manual or facsimile signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of countersignature or delivery thereof, any Warrant Certificate signed as aforesaid shall, subject to section 2.4 be valid and binding upon the Corporation and the registered holder thereof will be entitled to the benefits of this Indenture.

2.4 Countersignature by the Warrant Agent

(1) No Warrant Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the registered holder to the benefit hereof or thereof until it has been countersigned by manual signature by or on behalf of the Warrant Agent and such countersignature by the Warrant Agent upon any Warrant Certificate shall be conclusive evidence as against the Corporation that the Warrant Certificate so countersigned has been duly issued hereunder and the holder is entitled to the benefits hereof. The countersignature of the Warrant Agent shall constitute a representation and warranty of the Warrant Agent that the Warrant Certificate has been duly countersigned by the Warrant Agent pursuant to this Indenture.

(2) The countersignature of the Warrant Agent on the Warrant Certificates issued hereunder shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due countersigning thereof) and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor.

2.5 Warrantholder not a Shareholder, etc.

Nothing in this Indenture or the holding of a Warrant evidenced by a Warrant Certificate shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a shareholder, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Corporation, nor entitle the holder to any right or interest in respect thereof except as herein or in the Warrants expressly provided.

2.6 Issue in Substitution for Lost Warrant Certificates

(1) In the event that any Warrant Certificates issued and countersigned under this Indenture shall become mutilated or be lost, destroyed or stolen, the Corporation, subject to applicable law, and subsection 2.6(2), shall issue and thereupon the Warrant Agent shall countersign and deliver a replacement Warrant Certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in a form approved by the Warrant Agent and Warrants evidenced by it will entitle the holder thereof to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this section 2.6 shall bear the reasonable cost of the issue thereof and in the case of mutilation shall as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue

thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent, in their sole discretion, and such applicant shall be required to furnish an indemnity or security in amount and form satisfactory to the Corporation and the Warrant Agent in their sole discretion and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

2.7 Warrants to Rank Pari Passu

All Warrants shall rank *pari passu*, whatever may be the actual date of issue thereof.

2.8 Registration and Transfer of Warrants

(1) The Corporation hereby appoints the Warrant Agent as registrar of the Warrants and will cause to be kept by the Warrant Agent at the principal office of the Warrant Agent:

- (a) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them and the Warrant Agent shall be entitled to rely on such register in connection with the exchange, transfer, exercise or deemed exercise of any Warrant(s) pursuant to the terms of this Indenture or the terms thereof; and
- (b) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(2) No transfer of any Warrant will be valid unless entered on the register of transfers referred to in subsection 2.8(1), upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed Transfer of Warrants form as attached to the Warrant Certificate executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe, such transfer will be recorded on the register of transfers by the Warrant Agent.

(3) The transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant as required by subsection 2.8(2) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the register of holders referred to in subsection 2.8(1), as the owner of such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Warrant, except in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

(4) The Corporation will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in subsection 2.8(1), if such transfer would constitute a violation of the securities laws

of any applicable jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable securities legislation unless otherwise notified in writing by the Corporation. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable securities legislation.

(5) If a Warrant Certificate tendered for transfer bears the legend set forth in subsection 2.19(2) the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant Certificate and the transfer is made: (i) to the Corporation; (ii) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act; (iii) within the United States in accordance with Rule 144 or 144A under the U.S. Securities Act, if available, and in compliance with applicable U.S. state securities laws; or (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the holder has prior to such sale or transfer furnished to the Corporation an opinion of counsel or other evidenced exemption, in each case satisfactory to the Corporation, prior to such sale or transfer (except a transfer to the Corporation under (i)), provided that if a Warrant is transferred under (ii) above, and the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of such transfer, a declaration for removal of legend to the effect set forth in the form of Warrant Certificate attached hereto as Schedule "B", or in such other form as the Corporation may from time to time prescribe, is delivered to the Warrant Agent.

2.9 Registers Open for Inspection

The registers referred to in subsection 2.8(1) shall be open at all reasonable times during the business hours of the Warrant Agent on a Business Day for inspection by the Corporation or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Corporation, furnish the Corporation with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent and showing the number of Subject Securities that might then be acquired upon the exercise of the Warrants held by each such holder.

2.10 Exchange of Warrants

(1) Warrant Certificates may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrant Certificates in any other authorized denomination representing in the aggregate an equal number of Warrants as the number of Warrants represented by the Warrant Certificates being exchanged. The Corporation shall sign and the Warrant Agent shall countersign, in accordance with sections 2.3 and 2.4, all Warrant Certificates necessary to carry out the exchanges contemplated herein. Warrant Certificates exchanged for Warrant Certificates that bear the legend set forth in section 2.19(2) shall bear the same legend and Warrant Certificates exchanged for Warrant Certificates that bear the legend set forth in section 2.19 (3) shall bear the same legend provided that such new Warrant Certificates are issued prior to June 15, 2007.

(2) Warrant Certificates may be exchanged only at the principal office of the Warrant Agent or at any other place that is designated by the Corporation with the approval of the

Warrant Agent. Any Warrant Certificates tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(3) Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting a transfer or an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Corporation for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such transfer or exchange as a condition precedent to such exchange.

2.11 Ownership of Warrants

The Corporation and the Warrant Agent and their respective agents may deem and treat the holder of any Warrant Certificate as the absolute owner of that Warrant represented thereby for all purposes and the Corporation and the Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any holder of the Subject Securities or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Corporation and the Warrant Agent for the same and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any holder.

2.12 Adjustment of Exchange Basis

Subject to section 2.13, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided in this section 2.12. In this section 2.12, the terms "**record date**" and "**effective date**" where used herein shall mean the close of business on the relevant date.

(1) If and whenever at any time after the date hereof and prior to the Time of Expiry the Corporation shall:

- (a) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution payable in Common Shares or Convertible Securities (other than as a Dividend Paid in the Ordinary Course), or
- (b) subdivide, redivide or change its then outstanding Common Shares into a greater number of shares, or
- (c) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of shares,

(any of such events in these clauses (a), (b) or (c) being called a "**Common Share Reorganization**"), then the Exchange Basis in effect on the effective date of such subdivision or

consolidation, or on the record date of such stock dividend or other distribution, as the case may be, shall be adjusted by multiplying the Exchange Basis in effect immediately prior to such effective or record date by a fraction: (i) the numerator of which shall be the total number of Common Shares outstanding on such date immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on the record date on the basis upon which they first become convertible or exchangeable), and (ii) the denominator of which shall be the total number of Common Shares outstanding on such date before giving effect to such Common Share Reorganization. The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2.

(2) Subject to section 2.13, if and whenever at any time after the date hereof and prior to the Time of Expiry, the Corporation fixes a record date for the distribution to all or substantially all of the holders of Common Shares of rights, options or warrants entitling them for a period expiring not more than 45 days after such record date (the "**Rights Period**"), to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price for the Common Shares on such record date (any of such events being called a "**Rights Offering**"), then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

- (a) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, warrants or options under the Rights Offering and assuming the exchange or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, warrants or options, if any), and
- (b) the denominator of which shall be the aggregate of:
 - (i) the total number of Common Shares outstanding as of the record date for the Rights Offering, and
 - (ii) a number of Common Shares arrived at by dividing
 - (A) the amount equal to the aggregate consideration payable on the exercise of all of the rights, warrants and options under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, warrants or options (assuming the exercise of all rights, warrants and options under the Rights Offering and assuming the exchange or conversion of all exchangeable

or convertible securities issued upon exercise of such rights, warrants and options);

by

- (B) the Current Market Price of the Common Shares as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted in accordance with this Article 2. Any Common Shares owned by or held for the account of the Corporation or any of its subsidiaries or affiliates or a partnership in which the Corporation is directly or indirectly a party will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(3) If and whenever at any time after the date hereof and prior to the Time of Expiry the Corporation shall fix a record date or a record date occurs for the issue or distribution to all or substantially all the holders of its outstanding Common Shares of:

- (a) shares of the Corporation of any class other than Common Shares; or
- (b) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares; or
- (c) evidences of indebtedness; or
- (d) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Dividend Paid in the Ordinary Course, a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exchange Basis shall be adjusted effective immediately after the record date for the Special Distribution by multiplying the Exchange Basis in effect on such record date by a fraction:

- (i) the numerator of which shall be the product of the number of Common Shares outstanding on the record date and the Current Market Price thereof on that date, and
- (ii) the denominator of which shall be:

- (A) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, less
- (B) the aggregate fair market value to the holders of the Common Shares, as determined by action by the directors acting reasonably and in good faith (whose determination shall be conclusive) and subject to the prior consent of the TSXV (if required), of the shares, rights, options, warrants, evidences of indebtedness or property or other assets issued or distributed in the Special Distribution,

provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date. The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Corporation or any of its subsidiaries or affiliates or a partnership in which the Corporation is directly or indirectly a party will be deemed not to be outstanding for the purpose of any computation.

(4) If and whenever at any time after the date hereof and prior to the Time of Expiry there shall be a reclassification or redesignation of Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities (other than a Common Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a "**Capital Reorganization**"), any Warrantholder who after the completion of the Capital Reorganization shall exercise his right to receive Common Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept, in lieu of the number of Subject Securities to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Subject Securities to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 2 with respect to the rights and interests thereafter of Warrantholders to the end that the provisions set forth in this Article 2 shall thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(5) Forthwith upon the occurrence of any of the events referred to in the preceding subsections above, the Corporation shall:

- (a) file with the Warrant Agent a certificate of the Corporation specifying the required adjustment; and
- (b) give notice to the Warrantholders of the required adjustment.

(6) Any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Exercise Price which shall be calculated by multiplying the Exercise Price by a fraction: (i) the numerator of which shall be the Exchange Basis prior to the adjustment, and (ii) the denominator of which shall be the Exchange Basis after the adjustment.

2.13 Rules Regarding Calculation of Adjustment of Exchange Basis

For the purposes of section 2.12:

(1) The adjustments provided for in section 2.12 shall be cumulative and such adjustments shall be made successively whenever an event referred to in section 2.12 shall occur, subject to the following subsections of this section 2.13.

(2) If the purchase price provided for in any Rights Offering (the "**Rights Offering Price**") is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to subsection 2.12(2) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of section 2.12.

(3) No adjustment in the Exchange Basis shall be required unless such adjustment would result in a change of at least 0.01 of a Common Share based on the prevailing Exchange Basis provided that, any adjustments which, except for the provisions of this subsection would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(4) No adjustment in the Exchange Basis shall be made in respect of any event described in section 2.12, other than the events referred to in paragraphs (b) and (c) of subsection (1) thereof, if Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if Warrantholders had exercised their Warrants prior to or on the effective date or record date of such event, any such participation is subject to regulatory approval (including, without limitation, TSXV approval).

(5) No adjustment in the Exchange Basis shall be made pursuant to section 2.12 in respect of the issue from time to time of Common Shares issuable on exercise of the Warrants or in respect of the issue from time to time of a Dividend Paid in the Ordinary Course of Common Shares to holders of Common Shares who exercise an option or election to receive substantially

equivalent dividends in Common Shares in lieu of receiving a cash dividend, and any such issue shall be deemed not to be a Common Share Reorganization.

(6) If a dispute shall at any time arise with respect to adjustments provided for in section 2.12, such dispute shall, absent manifest error, be conclusively determined by the Corporation's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Corporation, the Warrant Agent and the Warrantholders and subject to the prior written consent of the TSXV (if required). The Corporation shall ensure the Auditors are given full access to all necessary records as they may require.

(7) If the Corporation shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(8) In the absence of a resolution of the directors fixing a record date for a Rights Offering or Special Distribution, the Corporation shall be deemed to have fixed as the record date therefor the date on which the Rights Offering or Special Distribution is effected.

(9) As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Corporation shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Corporation have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(10) In case the Corporation, after the date hereof, shall take any action affecting any Common Shares, other than action described in section 2.12, which in the opinion of the directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exchange Basis shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting in good faith, may determine to be equitable in the circumstances and subject to the prior written consent of the TSXV (if required). Failure of the taking of action by the directors so as to provide for an adjustment in the Exchange Basis prior to the effective date of any action by the Corporation affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

(11) The Warrant Agent shall be entitled to act and rely on any adjustment calculations by the Corporation or the Corporation's Auditors.

2.14 Postponement of Subscription

In any case where the application of section 2.12 results in an increase in the number of Subject Securities that are issuable upon exercise of the Warrants taking effect immediately after the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event for which a calculation is required to be made, the Corporation may postpone the issuance to the holder of the Warrant of the Subject Securities to which the holder is entitled by reason of such adjustment but such Subject Securities shall be so issued and delivered to that holder upon completion of that event, with the number of such Subject Securities calculated on the basis of the number of Subject Securities on the date that the Warrant was exercised adjusted for completion of that event and the Corporation shall deliver to the person or persons in whose name or names the Subject Securities are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Subject Securities and the right to receive any dividends or other distributions which, but for the provisions of this section, such person or persons would have been entitled to receive in respect of such Subject Securities from and after the date that the Warrant was exercised in respect thereof.

2.15 Notice of Adjustment

(1) At least 21 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment of the Exchange Basis pursuant to section 2.12, the Corporation shall:

- (a) file with the Warrant Agent a certificate of the Corporation specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the amount of adjustment necessitated thereby setting forth in reasonable detail the method of computation and the facts upon which such computation is based; and
- (b) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(2) In case any adjustment for which a notice in subsection 2.15(1) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable:

- (a) file with the Warrant Agent a certificate of the Corporation specifying the amount and computation of the adjustment and setting forth in reasonable detail the method of computation and the facts upon which such computation is based; and
- (b) give notice to the Warrantholders and to Sprott Securities, on behalf of the Agents, of the adjustment.

(3) The Warrant Agent may, absent manifest error, act and rely upon certificates and other documents filed by the Corporation pursuant to this section for all purposes of the adjustment. The Corporation shall take any reasonable corporate action which may, in the opinion of counsel, be necessary to ensure that the Corporation has sufficient authorized capital

and that the Corporation may validly and legally issue the Common Shares to which a Warrantholder is entitled as fully paid and non-assessable Common Shares.

2.16 No Action after Notice

The Corporation covenants with the Warrant Agent that it will not take any other corporate action which might deprive a Warrantholder of the opportunity of exercising the rights of acquisition pursuant thereto during the period of 21 days after the giving of the notice set forth in paragraph (b) of subsections 2.15(1) and (2).

2.17 Purchase of Warrants for Cancellation

Subject to applicable law, the Corporation may from time to time, when not in default under this Indenture, purchase on any stock exchange (if then listed), in the open market, by invitation for tender, by private agreement or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the board of directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons, and on such other terms as the Corporation in its sole discretion may determine. The Warrant Certificates representing the Warrants purchased pursuant to this section 2.17 shall forthwith be delivered to, cancelled and destroyed by the Warrant Agent and shall not be reissued. If required by the Corporation, the Warrant Agent shall furnish the Corporation with a certificate as to such destruction.

2.18 Protection of Warrant Agent

Notwithstanding any other provision herein, the Warrant Agent shall:

- (a) not at any time be under any duty or responsibility to any registered holder of Warrants to determine whether any facts exist that may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;
- (b) not be accountable with respect to the validity or value or the kind or amount of any Subject Securities that may at any time be issued or delivered upon the exercise of any rights attaching to any Warrant;
- (c) not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver the Subject Securities or certificates evidencing the same upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article 2;
- (d) not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the representations, warranties or covenants of the Corporation or any acts or deeds of the directors, officers, employees, agents or servants of the Corporation;

- (e) be under no responsibility in respect of the validity of this Indenture or the execution and delivery hereof by or on behalf of the Corporation or in respect of the validity or the execution by the Corporation of any Warrant Certificate issued hereunder, nor shall it be responsible for any breach by the Corporation of any covenant or condition contained in this Indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Indenture and/or in any Warrant Certificate or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable; and
- (f) be entitled to act and rely on any adjustment calculation of the directors or the Corporation's Auditors.

2.19 Legended Warrant Certificates

(1) The Warrant Agent understands and acknowledges that the Subscription Receipts, the Common Shares and Warrants issuable on exchange thereof and the Common Shares issuable upon exercise of the Warrants have not been, and will not be, registered under the U.S. Securities Act.

(2) Each Warrant Certificate originally issued to a U.S. Person or a person in the United States or a person for the account or benefit of a U.S. Person or a person in the United States, all Common Shares issued upon exercise of such Warrants, and all certificates issued in exchange or in substitution of the foregoing securities, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF KPS VENTURES LTD. THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO KPS VENTURES LTD., (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES, PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, OR (D) INSIDE THE UNITED STATES, PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION AFTER PROVIDING A LEGAL OPINION OR OTHER EVIDENCE SATISFACTORY TO KPS VENTURES LTD.

A NEW CERTIFICATE BEARING NO LEGEND MAY BE OBTAINED FROM THE WARRANT AGENT UPON DELIVERY OF THIS

CERTIFICATE AND A DULY EXECUTED DECLARATION AND, IF REQUESTED BY THE CORPORATION OR THE WARRANT AGENT, AN OPINION OF COUNSEL OF RECOGNIZED STANDING, IN A FORM SATISFACTORY TO KPS VENTURES LTD. AND THE WARRANT AGENT, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

(3) Each Warrant Certificate originally issued to every Purchaser prior to June 15, 2007, as well as all certificates issued in exchange for or in substitution of the Warrant Certificates prior to June 15, 2007, shall bear the following legends:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JUNE 15, 2007.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE, AS WELL AS THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES, MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL JUNE 15, 2007."

(4) Subject to anything to the contrary herein, if at any time, in the opinion of counsel to the Corporation, a legend is no longer necessary or advisable in order to avoid a violation of any applicable laws or requirements, and the holder of such legend bearing certificate, at his expense, provides the Corporation with evidence satisfactory in the form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Warrant Shares in a transaction in which such legends are not required, such legend bearing certificate may, therefore, be surrendered to the Warrant Agent in exchange for a certificate which does not bear such legend.

(5) The Warrant Agent shall have no obligation to ensure or to verify compliance with any applicable laws or regulatory requirements on the issue, exercise or transfer of any Warrants or any Common Shares issuable upon the exercise of a Warrant, provided that such issue, exercise or transfer, as the case may be, is effected in accordance with the terms of this Indenture. The Warrant Agent shall be entitled to process all proffered transfers and exercises of Warrants upon the presumption that such transfers or exercises are permissible pursuant to all applicable laws and regulatory requirements. The Warrant Agent may assume for the purposes of this Indenture that any address on the register of the Warrant holders is the holder's actual address. The Warrant Agent shall have no obligation to ensure that legends appearing on

Warrant Certificates or certificates representing Common Shares issued upon the exercise of Warrants comply with regulatory requirements or securities laws of any applicable jurisdiction. Unless and until it is advised in writing by the Corporation or its counsel that the Corporation is no longer a "foreign issuer" as defined in rule 902 under the U.S. Securities Act, the Warrant Agent shall be entitled to assume that the Corporation is a "foreign issuer" as defined in rule 902 under the U.S. Securities Act.

ARTICLE 3 EXERCISE OF WARRANTS

3.1 Method of Exercise of Warrants

(1) Subject to subsection 3.7, the registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Subject Securities to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time on or before the Time of Expiry at its principal office (or at such additional place or places as may be decided by the Corporation from time to time with the approval of the Warrant Agent), with a duly completed and executed subscription of the registered holder or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, substantially in the form attached to the Warrant Certificate specifying the number of Common Shares subscribed for together with a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Corporation in an amount equal to the Exercise Price multiplied by the number of Subject Securities subscribed for. A Warrant Certificate with the duly completed and executed subscription and payment of the Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at its principal office.

(2) Any subscription referred to in subsection 3.1(1) shall be signed by the Warrantholder, shall specify the person(s) in whose name such Subject Securities are to be issued, the address(es) of such person(s) and the number of Subject Securities to be issued to each person, if more than one is so specified. If any of the Subject Securities subscribed for are to be issued to (a) person(s) other than the Warrantholder, the signatures set out in the subscription referred to in subsection 3.1(1) shall be guaranteed by a Canadian chartered bank/eligible guarantor institution with membership in an approved medallion signature guarantee program and the Warrantholder shall pay to the Corporation or the Warrant Agent all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing Subject Securities unless or until such Warrantholder shall have paid to the Corporation or the Warrant Agent on behalf of the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

(3) If, at the time of exercise of the Warrants, in accordance with the provisions of subsection 3.1(1), there are any trading restrictions on the Subject Securities pursuant to applicable securities legislation or stock exchange requirements, the Corporation shall, on the

advice of counsel, endorse any certificates representing the Subject Securities to such effect. The Warrant Agent is entitled to assume compliance with all applicable securities legislation unless otherwise notified in writing by the Corporation.

3.2 No Fractional Shares

Under no circumstances, including any adjustment provided for in section 2.12, shall the Corporation be obliged to issue any fractional Common Shares or certificates that evidence a fractional Common Share. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Common Share, the holder may exercise that right in respect of the fraction in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Common Shares. If the number of Common Shares to which a Warrantholder would otherwise be entitled upon the exercise of a Warrant or Warrants is not a whole number then the number of Common Shares to be issued will be rounded down to the next whole number.

3.3 Effect of Exercise of Warrants

(1) Upon compliance by the Warrantholder with the provisions of section 3.1, on the exercise of the Warrant, the Subject Securities subscribed for shall be deemed to have been issued by the Corporation and the person to whom such Subject Securities are to be issued shall be deemed to have become the holder of record of such Subject Securities on the Exercise Date unless the transfer registers of the Corporation for the Common Shares shall be closed on such date, in which case the Subject Securities subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Subject Securities on the date on which such transfer registers are reopened.

(2) Within three Business Days following the due exercise of a Warrant pursuant to section 3.1 and forthwith after the Time of Expiry, the Warrant Agent shall deliver to the Corporation and to the Transfer Agent a notice setting forth the particulars of all Warrants exercised, if any, and the persons in whose names the Subject Securities are to be issued (as applicable) and the addresses of such holders of the Subject Securities.

(3) Within five Business Days of the due exercise of a Warrant pursuant to section 3.1, the Corporation shall cause the Transfer Agent to mail to the person in whose name the Subject Securities so subscribed for are to be issued, as specified in the subscription completed on the Warrant Certificate, at the address specified in such subscription, a certificate or certificates for the Subject Securities to which the Warrantholder is entitled and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate representing any Warrants not then exercised.

3.4 Cancellation of Warrant Certificates

All Warrant Certificates surrendered to the Warrant Agent pursuant to sections 2.6, 2.8(2), 2.10 or 3.1 (partially or fully exercised), or otherwise surrendered to the Warrant Agent, shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of

such Warrant Certificates on the register of holders maintained by the Warrant Agent pursuant to subsection 2.8(1). The Warrant Agent shall, if required by the Corporation, furnish the Corporation with a certificate identifying the Warrant Certificates so cancelled. All Warrants represented by Warrant Certificates that have been duly cancelled shall be without further force or effect whatsoever and such cancelled Warrant Certificates shall be destroyed by the Warrant Agent.

3.5 Subscription for less than Entitlement

The holder of any Warrant may subscribe for and purchase a whole number of Subject Securities that is less than the number that the holder is entitled to purchase pursuant to a surrendered Warrant Certificate. In such event, the holder thereof shall be entitled to receive a new Warrant Certificate in respect of the balance of Subject Securities that such holder was entitled to purchase pursuant to the surrendered Warrant Certificate and that were not then purchased, such new Warrant Certificate shall contain the same legends as provided for in section 2.19(2) and if such new Warrant Certificate is issued prior to June 15, 2007, the same legend as provided in section 2.19(3), as applicable.

3.6 Expiration of Warrant

After the Time of Expiry, all rights under any Warrant or this Indenture in respect of which the right of subscription and purchase herein and therein provided for shall not theretofore have been exercised shall wholly cease and terminate and the Warrant Certificate evidencing such Warrants shall be void and of no effect.

3.7 Prohibition on Exercise by U.S. Persons; Exception

(1) Warrants may not be exercised by or on behalf of any person in the United States or any U.S. Person unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and the holder of the Warrants has furnished an opinion of counsel of recognized standing in form and substance satisfactory to the Corporation to such effect; provided that an Accredited Investor that purchased Subscription Receipts in the Corporation's private placement of Subscription Receipts in the United States and that satisfies the requirements and provides the certificates set forth in Section 3.7(2)(b) hereof will not be required to deliver an opinion of counsel in connection with the exercise of Warrants forming part of those Subscription Receipts. The Warrant Agent shall be entitled to rely upon the written certifications referred to in section 3.7(2) hereof.

(2) Any holder which exercises a Warrant shall provide to the Corporation and the Warrant Agent either:

(a) a written certification that such holder (a) at the time of exercise of the Warrant is not in the United States; (b) is not a U.S. Person and is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (c) did not execute or deliver the exercise form for the Warrant in the United States;

- (b) a written certification that the holder (a) purchased the Warrant directly from the Corporation pursuant to a written subscription agreement for the purchase of Subscription Receipts, with each Subscription Receipt comprised of one Common Share and one-half of one Warrant; (b) is exercising the Warrant solely for its own account and not on behalf of any other person; and (c) was an Accredited Investor, both on the date the Subscription Receipt was purchased from the Corporation and on the date of exercise of the Warrant; or
- (c) a written opinion of counsel of recognized standing in form and substance satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available for the issuance of the Common Shares issuable on exercise of the Warrants.

(3) No certificates representing Common Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements of paragraphs (b) or (c) of subsection 3.7(2).

ARTICLE 4

COVENANTS FOR WARRANTHOLDERS' BENEFIT

4.1 General Covenants of the Corporation

The Corporation covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that so long as any Warrants remain outstanding:

(1) The Corporation will at all times maintain its existence and will carry on and conduct its business in a prudent manner in accordance with industry standards and good business practice, will keep or cause to be kept proper books of account in accordance with applicable law.

(2) Provided that there continue to be a sufficient number of beneficial holders of Common Shares to meet the continued listing requirements of the TSXV, the Corporation will use its commercially reasonable best efforts to maintain the listing and posting for trading of the Common Shares on the TSXV and to have the Common Shares issued pursuant to the exercise of the Warrants listed and posted for trading on the TSXV as expeditiously as possible.

(3) The Corporation is duly authorized to create and issue the Warrants and that when issued and countersigned as herein provided, the Warrants will be valid and enforceable against the Corporation in accordance with their terms.

(4) At all times that any Warrants are outstanding, the Corporation will reserve and keep available a sufficient number of Subject Securities for issuance upon the exercise of Warrants issued by the Corporation to meet its obligations to issue the Subject Securities on the exercise of the Warrants from time to time.

(5) The Corporation will cause the Subject Securities from time to time subscribed for pursuant to the exercise of the Warrants issued by the Corporation hereunder, in the manner herein provided, to be duly issued, countersigned and delivered in accordance with the Warrants and the terms hereof and the holders thereof shall not be liable to the Corporation or its creditors in respect of the issue thereof.

(6) The Corporation will cause the certificates representing the Subject Securities from time to time to be acquired pursuant to the exercise of Warrants in the manner herein provided to be duly issued and delivered in accordance with the Warrants and the terms hereof.

(7) Upon the exercise by the holder of any Warrant of the right to purchase the Subject Securities therein and herein and upon receipt of payment of the Exercise Price therefor, all Subject Securities shall be issued by the Corporation as fully paid and non-assessable.

(8) The Corporation will perform and carry out all of the acts or things to be done by it as provided in this Indenture and as the Warrant Agent may reasonably require to give effect to the provisions of this Indenture.

(9) The Corporation will use its commercially reasonable best efforts to maintain its status as a "reporting issuer" not in default of the requirements in at least one of the Qualifying Jurisdictions until the Time of Expiry.

(10) The Corporation shall prepare and file under the applicable securities laws any documents required to be filed therewith relating to the proposed distribution of Common Shares to holders of Warrants upon the exercise thereof.

(11) The Corporation shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all other acts, deeds and assurances as the Warrant Agent may reasonably require to give effect to the provisions of this Warrant Indenture.

(12) The Corporation will promptly advise the Warrant Agent and the Warrantholders in writing of any default under the terms of this Indenture.

4.2 Securities Qualification Requirements

(1) If, in the opinion of counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities administrator or any other step is required under any federal or provincial law of Canada or federal or state law of the United States before the Subject Securities may be issued or delivered to a Warrantholder, the Corporation covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

(2) The Corporation will give written notice or file a report of the issue of Subject Securities pursuant to the exercise of Warrants, in such detail as may be required, to each securities regulatory authority or government authority in Canada in each jurisdiction in which there is legislation requiring the giving of any such notice or filing of a report.

4.3 Warrant Agent's Remuneration and Expenses

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements of the Warrant Agent in the administration or execution of the duties and obligations hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense or disbursement in connection with or related to or required to be made as a result of the gross negligence, wilful misconduct or bad faith of the Warrant Agent.

4.4 Performance of Covenants by Warrant Agent

Subject to section 8.7, if the Corporation shall fail to perform any of its covenants contained in this Indenture, the Warrant Agent may notify the Warrantholders of such failure on the part of the Corporation or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants or to notify the Warrantholders. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in section 4.3. No such performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

ARTICLE 5 ENFORCEMENT

5.1 Suits by Warrantholders

Subject to section 6.10, all or any of the rights conferred upon a Warrantholder by the terms of the Warrants held and/or this Indenture may be enforced by such Warrantholder by appropriate legal proceedings but without prejudice to the right that is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Warrants from time to time outstanding. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

Subject to applicable law, the Warrant Agent and, by acceptance of the Warrant Certificate and as part of the consideration for the issue of the Warrants, the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any person in its capacity as an incorporator or any past, present or future shareholder, director, officer, employee or agent of the Corporation for the creation and issue of the Subject Securities pursuant to any Warrant or any covenant, agreement, representation or warranty by the Corporation herein or in the Warrant Certificates contained.

5.2 Limitation of Liability

The obligations hereunder (including without limitation under subsection 8.7(5)) are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Corporation or any of the past, present or future officers, employees or agents of the Corporation, but only the property of the Corporation (or any successor person) shall be bound in respect hereof.

ARTICLE 6 MEETINGS OF WARRANTHOLDERS

6.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Warrantholders' Request, convene a meeting of the Warrantholders provided that the Warrant Agent has been provided with sufficient funds and is indemnified to its reasonable satisfaction by the Corporation or by the Warrantholders signing such Warrantholders' Request against the costs, charges, expenses and liabilities that may be incurred in connection with the calling and holding of such meeting. If within 15 Business Days after the receipt of a written request of the Corporation or a Warrantholders' Request, funding and indemnity given as aforesaid the Warrant Agent fails to give the requisite notice specified in section 6.2 to convene a meeting, the Corporation or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Warrant Agent.

6.2 Notice

At least 21 days prior notice of any meeting of Warrantholders shall be mailed or delivered in accordance with this Article 6 and Sections 9.1 and 9.2 to the Warrantholders at the expense of the Corporation in the manner provided for in section 9.2 and a copy of such notice shall be delivered to the Warrant Agent unless the meeting has been called by it, and to the Corporation unless the meeting has been called by it, and in each case to Sprott Securities, on behalf of the Agents. Such notice shall state the date, time and place of the meeting, the general nature of the business to be transacted and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 6. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or of the Corporation or the person designated by such Warrantholders, as the case may be. Any accidental omission in the notice of meeting shall not invalidate any resolution passed at a meeting of Warrantholders.

6.3 Chairman

The Warrant Agent may designate in writing an individual (who need not be a Warrantholder) to be chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within 15 minutes after the time fixed for the holding of

the meeting, the Warrantholders present in person or by proxy shall appoint an individual present to be chairman of the meeting.

6.4 Quorum

Subject to the provisions of section 6.11, at any meeting of the Warrantholders a quorum shall consist of two or more Warrantholders present in person or represented by proxy and representing at least 10% of the aggregate number of Warrants then outstanding. If a quorum of the Warrantholders shall not be present within one-half hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place to the extent possible and, subject to the provisions of section 6.11, no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting that might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 10% of the aggregate number of Warrants then unexercised and outstanding. No business shall be transacted at any meeting unless a quorum is present at the commencement of business.

6.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

6.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

6.7 Poll and Voting

On every extraordinary resolution, and when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy on any other question submitted to a meeting and after a vote by show of hands, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each whole Warrant then held by him. A proxy need not be a Warrantholder.

The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by him. The result of a poll shall be deemed to be a decision of the meeting at which poll was demanded and shall be binding on all Warrantholders.

6.8 Regulations

Subject to the provisions of this Indenture, the Warrant Agent or the Corporation with the approval of the Warrant Agent may from time to time make and from time to time vary such regulations as it shall consider necessary or appropriate:

- (a) for the deposit of instruments appointing proxies at such place and time as the Warrant Agent, the Corporation or the Warrantholders convening the meeting, as the case may be, may in the notice convening the meeting direct;
- (c) for the deposit instruments appointing proxies at some approved place other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, cabled or telegraphed before the meeting to the Corporation or to the Warrant Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;
- (d) for the form of instrument appointing a proxy (which shall be in writing) and the manner in which the form of proxy may be executed; and
- (e) generally for the calling of meetings of Warrantholders and the conduct of business thereat including setting a record date for Warrantholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to section 6.9), shall be Warrantholders or persons holding proxies of Warrantholders.

6.9 Corporation, Warrant Agent and Counsel may be Represented

The Corporation, the Warrant Agent and Sprott Securities, on behalf of the Agents, by their respective directors, officers and employees and the counsel for each of the Corporation, the Warrantholders and the Warrant Agent may attend any meeting of the Warrantholders and speak thereat but shall not be entitled to vote unless in their capacities as Warrantholders.

6.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a meeting shall have the power (subject to the approval of the TSXV, if required), exercisable from time to time by extraordinary resolution:

- (a) to agree with the Corporation to any amendment, modification, alteration, compromise or arrangement of the rights of Warrantholders and/or the Warrant Agent in its capacity as Warrant Agent hereunder (subject to the Warrant Agent's prior consent) or on behalf of the Warrantholders against the Corporation, whether such rights arise under this Indenture or the Warrants or otherwise;
- (b) to amend, alter or repeal any extraordinary resolution previously passed or sanctioned by the Warrantholders;
- (c) to direct or authorize the Warrant Agent (subject to the Warrant Agent receiving funding and indemnity to its reasonable satisfaction) to enforce any of the covenants on the part of the Corporation contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;
- (d) to waive, authorize and direct the Warrant Agent to waive any default on the part of the Corporation in complying with any provisions of this Indenture or the Warrants either unconditionally or upon any conditions specified in such extraordinary resolution;
- (e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders;
- (f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with any such suit, action or proceeding, upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith;
- (g) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with the holders of any securities of the Corporation, wherever such assent may be required;
- (h) to remove the Warrant Agent and appoint a new Warrant Agent in accordance with subsection 8.8(1); and

- (i) subject to 7.1, to agree to any change in or omission from the provisions of the Warrant Certificates or the terms of this Indenture which may be agreed to by the Corporation and authorize the Warrant Agent to execute any amendment.

6.11 Meaning of "Extraordinary Resolution"

(1) The expression "extraordinary resolution" when used in this Indenture means, subject as hereinafter in this section 6.11 and in section 6.14 provided, a resolution proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 6 at which there are present in person or by proxy Warrantholders representing at least 10% of the aggregate number of all the then outstanding Warrants and passed by the affirmative votes of Warrantholders representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution.

(2) If, at any meeting called for the purpose of passing an extraordinary resolution, Warrantholders representing at least 10% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy within one-half hour after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 5 Business Days later, and to such place and time as may be appointed by the chairman. Not less than three Business Days prior notice shall be given of the time and place of such adjourned meeting in the manner provided in sections 9.1 and 9.2. Such notice shall state that at the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in subsection 6.11(1) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Warrantholders representing at least 10% of all the then outstanding Warrants are not present in person or represented by proxy at such adjourned meeting.

(3) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

6.12 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such powers or combination of powers then or thereafter from time to time.

6.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Warrantholders as aforesaid shall be made and duly entered in books to be provided for that purpose by the Warrant Agent at the expense of the Corporation and any minutes as aforesaid, if signed by the chairman of the meeting at which resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Warrantholders, shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken, to have been duly passed and taken.

6.14 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 6 also may be taken and exercised by Warrantholders representing at least 66 2/3% of the aggregate number of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing, and the expression "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

6.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 6 at a meeting of Warrantholders, subject to the approval of the TSXV (if required), shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with section 6.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing. In the case of an instrument in writing, the Corporation shall give notice in the manner contemplated in sections 9.1 and 9.2 of the effect of the instrument in writing to all Warrantholders and the Warrant Agent as soon as is reasonably practicable.

6.16 Holdings by the Corporation or Subsidiaries of the Corporation Disregarded

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Corporation or its subsidiaries or affiliates or in partnership of which the Corporation is directly or indirectly a party, shall be disregarded. The Corporation shall provide, upon the written request of the Warrant Agent, a certificate as to the registration particulars of any Warrants held by the Corporation.

ARTICLE 7
SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

7.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Corporation and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed hereby, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) providing for the issuance of additional Warrants hereunder and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of counsel;
- (b) setting forth adjustments in the Exchange Basis upon the application of Article 2;
- (c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel are necessary or advisable, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;
- (d) giving effect to any extraordinary resolution passed as provided in Article 6;
- (e) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;
- (f) adding to or amending the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants and making any modification in the form of the Warrant Certificate that does not affect the substance thereof;
- (g) amending any of the provisions of this Indenture or relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that no such amendment or relief shall be or become operative or effective if, in the opinion of the Warrant Agent, relying on the advice of counsel, such amendment or relief impairs any of the rights of the Warrantholders as a group or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any supplemental indenture that in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and

- (h) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors or omissions herein that do not affect the substance thereof, provided that, in the opinion of the Warrant Agent, relying on the advice of counsel, the rights of the Warrant Agent and the Warrantholders as a group are in no way prejudiced thereby.

7.2 Successor Companies

In the case of the amalgamation, arrangement, consolidation, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another person (a "successor corporation"), the successor corporation resulting from the amalgamation, consolidation, merger or transfer (if not the Corporation) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Corporation and the successor corporation shall, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, expressly assume those obligations.

ARTICLE 8 CONCERNING THE WARRANT AGENT

8.1 Warrant Indenture Legislation

(1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Corporation and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefits of Applicable Legislation.

8.2 Rights and Duties of Warrant Agent

(1) The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(2) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against liability for its own gross negligence, wilful misconduct or bad faith.

(3) The Warrant Agent shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Corporation under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding

that the Warrant Agent is requested to take. The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its counsel to protect and hold harmless the Warrant Agent, its officers, directors, employees and agents against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(4) The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrant Certificates held by them, for which Warrant Certificates the Warrant Agent shall issue receipts.

(5) Every provision of this Indenture that, by its terms, relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted by it is subject to the provisions of Applicable Legislation.

(6) The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Warrant Agent and in the absence of such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, agreements or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

(7) In this Indenture, whenever confirmations or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

8.3 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof and in such form as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Corporation.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished

to the Warrant Agent pursuant to any provision hereof or of Applicable Legislation or pursuant to a request of the Warrant Agent. The Warrant Agent shall be under no responsibility in respect of the validity of this Indenture or the execution and delivery hereof by or on behalf of the Corporation or in respect of the validity or the execution of any Warrant Certificate by the Corporation and issued hereunder, nor shall it be responsible for any breach by the Corporation of any covenant or condition contained in this Indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Indenture and/or in any Warrant Certificate or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable.

(3) Whenever Applicable Legislation requires that evidence referred to in subsection 8.3(1) be in the form of a statutory declaration, the Warrant Agent may accept the statutory declaration in lieu of a certificate of the Corporation required by any provision hereof. Any such statutory declaration may be made by one or more of the directors or officers of the Corporation and may be relied upon by the Warrant Agent in good faith without further inquiry.

(4) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(5) The Warrant Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cablegram or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Warrant Agent has sole discretion and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cablegram or other paper document received in facsimile or e-mail form.

(6) The Warrant Agent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel and shall not be responsible for any misconduct on the part of any of them who has been selected with reasonable care by the Warrant Agent. Any reasonable remuneration paid by the Warrant Agent shall be paid by the Corporation in accordance with section 4.3.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Corporation or the Warrant Agent, in relation to any matter arising in fulfilling its duties and obligations hereof.

(8) The Warrant Agent may, as a condition precedent to any action to be taken by it under this Indenture, require such opinions, statutory declarations, reports, certificates or other evidence as it, acting reasonably, considers necessary or advisable in the circumstances.

8.4 Securities, Documents and Monies Held by Warrant Agent

Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof may be placed in the deposit vaults of the Warrant Agent or of any Canadian chartered bank for safekeeping with any such bank or the Warrant Agent. All interest or other income received by the Warrant Agent in respect of such deposits and investments shall, subject to section 4.4, belong to the Corporation and shall be paid to the Corporation upon discharge of this Indenture.

8.5 Actions by Warrant Agent to Protect Interests

Subject to the provisions of this Indenture and Applicable Legislation, the Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warranholders.

8.6 Warrant Agent not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the duties and obligations of this Indenture or otherwise, subject to section 8.8.

8.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to warrant agents, it is expressly declared and agreed as follows:

(1) The Warrant Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Indenture or in the Warrants (except the representation contained in section 8.9 or by virtue of the countersignature of the Warrant Agent on the Warrants or pursuant to section 2.4(1)) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to be made by the Corporation (except the representation contained in sections 8.9, 2.4(1) or by virtue of the countersignature of the Warrant Agent on the Warrants).

(2) Nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

(3) The Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof.

(4) The Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any

of the covenants or warranties herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation.

(5) Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Corporation hereby agrees to indemnify and hold harmless the Warrant Agent and its directors, officers, agents and employees from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Warrant Agent in connection with the performance of its duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements arising by reason of the gross negligence, fraud or wilful misconduct of the Warrant Agent. This provision shall survive the resignation or removal of the Warrant Agent, or the termination of this Indenture. The Warrant Agent shall not be under any obligation to prosecute or defend any action or suit in respect of this Indenture which, in the opinion of counsel, may involve it in expense or liability, unless the Corporation shall, so often as required, furnish the Warrant Agent with satisfactory indemnity and funding against such expense or liability.

8.8 Replacement of Warrant Agent

(1) The Warrant Agent may resign its duties and obligations and be discharged from all further duties and liabilities hereunder by giving to the Corporation not less than 60 days prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Warranholders by extraordinary resolution shall have the power at any time to remove the existing Warrant Agent and to appoint a new Warrant Agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Warrant Agent unless a new Warrant Agent has already been appointed by the Warranholders; failing such appointment by the Corporation, the retiring Warrant Agent or any Warranholder may apply to a court of competent jurisdiction at the Corporation's expense, on such notice as such justice may direct, for the appointment of a new Warrant Agent; but any new Warrant Agent so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Warranholders. Any new Warrant Agent appointed under any provision of this section 8.8 shall be a corporation authorized to carry on the business of a transfer agent or a trust company in the Province of British Columbia or the Province of Ontario and, if required by Applicable Legislation of any other province, in such other province. On any such appointment the new Warrant Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as may, in the opinion of counsel, be necessary or advisable for the purpose of assuring the same to the new Warrant Agent, provided that any resignation or removal of the Warrant Agent and appointment of a successor Warrant Agent shall not become effective until the successor Warrant Agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Corporation, the predecessor Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor Warrant Agent an appropriate instrument transferring to

such successor Warrant Agent all rights and powers of the Warrant Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Warrant Agent hereunder.

(2) Upon the appointment of a successor warrant agent, the Corporation shall promptly notify the Warrantholders thereof in the manner provided for in section 9.1.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation succeeding to the stock transfer business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new warrant agent under subsection 8.8(1).

(4) Any Warrants countersigned but not delivered by a predecessor Warrant Agent may be countersigned by the new or successor warrant agent in the name of the predecessor or the new or successor warrant agent.

8.9 Conflict of Interest

(1) The Warrant Agent represents to the Corporation that at the time of execution and delivery hereof no material conflict of interest exists which is it aware of in the Warrant Agent's role as a fiduciary hereunder and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within 30 days after ascertaining that it has such a material conflict of interest, either eliminate the same or resign its duties and obligations hereunder. If any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrants shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to subsection 8.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation or any Subsidiary without being liable to account for any profit made thereby.

8.10 Acceptance of Duties and Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become holders of Warrants from time to time issued under this Indenture. The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as a custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

8.11 Warrant Agent not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of

the Corporation or any Subsidiary or any partnership of which the Corporation is directly or indirectly involved.

8.12 Authorization to Carry on Business

The Warrant Agent represents to the Corporation that it is registered to carry on business in the Province of British Columbia.

8.13 Privacy

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "Privacy Laws") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Warrant Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Warrant Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

8.14 Compliance with Anti-Money Laundering Legislation

The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Warrant Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation, provided: (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

ARTICLE 9 GENERAL

9.1 Notice to the Corporation and the Warrant Agent

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by telecopier:

- (a) If to the Corporation, to:
KPS Ventures Ltd.
110 Yonge Street, Suite 1502
Toronto, Ontario
M5C 1T4

Attention: Peter Volk, Secretary
Fax: (416) 360-7783

with a copy to (which shall not constitute notice):

Wildeboer Dellelce LLP
Suite 800, Wildeboer Dellelce Place
365 Bay Street
Toronto, Ontario
M5H 2V1

Attention: James Brown
Fax: (416) 361-1790

- (b) If to the Warrant Agent, to:
Pacific Corporate Trust Company
510 Burrard Street, 2nd Floor
Vancouver, British Columbia
V6C 3B9

Attention: Manager, Client Services
Fax: (604) 689-8144

- (c) If to Sprott:
Sprott Securities Inc.
Royal Bank Plaza
P.O. Box 63
South Tower, Suite 2800
Toronto, Ontario
M5J 2J2

Attention: Darren Wallace
Fax: (416) 943-6499

with a copy to (which shall not constitute notice):

Cassels Brock Blackwell LLP
2100 Scotia Plaza
40 King Street West

Toronto, Ontario
M5H 3C2

Attention: John Vettese
Fax: (416) 360-8877

and any notice given in accordance with the foregoing shall be deemed to have been received on the date of delivery if that date is a Business Day or, if mailed, on the fifth Business Day following the date of the postmark on such notice or, if transmitted by telecopier, on the day following the transmission.

(2) The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in subsection 9.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture. A copy of any notice of change of address given pursuant to this subsection 9.1(2) shall be available for inspection at the principal stock transfer offices of the Warrant Agent by Warrantholders during normal business hours.

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in subsection 9.1(1) by cable, telegram, telex, telecopier or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to the officer or if delivered by cable, telegram, telex, telecopier or other means of prepaid, transmitted, recorded communication on the third Business Day following the date of the sending of the notice by the person giving the notice.

9.2 Notice to the Warrantholders

(1) Any notice to the Warrantholders under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail or, if delivered by hand, to the holders at their addresses appearing in the register of holders. Any notice so delivered shall be deemed to have been received on the date of delivery if that date is a Business Day or the Business Day following the date of delivery if such date is not a Business Day. All notices may be given to whichever one of the Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given shall be sufficient notice to all Warrantholders and any other persons (if any) interested in such Warrants.

(2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders could reasonably be considered unlikely to reach its destination, the notice may be published or distributed once in the Report on Business section of the national edition of The Globe and Mail newspaper or, in the event of a disruption in the circular of that newspaper, once in a daily newspaper in the

English language of general circulation in the Cities of Vancouver, British Columbia or Toronto, Ontario; provided that in the case of a notice convening a meeting of the holders of Warrants, the Warrant Agent may require such additional publications of that notice, in the same or in other cities or both, as it may deem necessary for the reasonable protection of the holders of Warrants or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

9.3 Discretion of Directors

Any matter provided herein to be determined by the directors of the Corporation in their sole discretion and determination so made will be conclusive.

9.4 Satisfaction and Discharge of Indenture

Upon the earlier of (i) the date by which there shall have been delivered to the Warrant Agent for exercise or destruction in accordance with the provisions hereof of all Warrants theretofore countersigned hereunder; or (ii) the Time of Expiry, this Indenture, except to the extent that Common Shares and certificates therefor have not been issued and delivered hereunder or the Corporation has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Corporation, and the Warrant Agent, on written demand of and at the cost and expense of the Corporation, and upon delivery to the Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Corporation's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Corporation against the Warrant Agent.

9.5 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this Indenture or the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

9.6 Counterparts and Formal Date

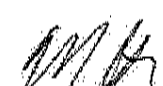
This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture.

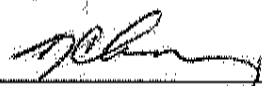
IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

KPS VENTURES LTD.

Per: 
Authorized Signing Officer

PACIFIC CORPORATE TRUST COMPANY

Per:  75582
Authorized Signing Officer
MARC CASTONGUAY

Per: 
Authorized Signing Officer
DALLAS CHUNG

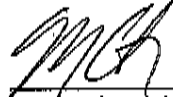
[Signature Page to Warrant Indenture]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

KPS VENTURES LTD.

Per: _____
Authorized Signing Officer

PACIFIC CORPORATE TRUST COMPANY

Per:  _____ ^{TS82}
Authorized Signing Officer

MARC CASTONGUAY

Per:  _____
Authorized Signing Officer

DALLAS CHUNG

[Signature Page to Warrant Indenture]

SCHEDULE "A"

FORM OF WARRANT CERTIFICATE

THE WARRANTS EVIDENCED HEREBY ARE EXERCISABLE ON OR BEFORE 5:00 P.M. (TORONTO TIME) ON FEBRUARY 14, 2009, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JUNE 15, 2007.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE, AS WELL AS THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES, MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL JUNE 15, 2007.

[IF US CERTIFICATE, INCLUDE:]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF KPS VENTURES LTD. THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO KPS VENTURES LTD., (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES, PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, OR (D) INSIDE THE UNITED STATES, PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION AFTER PROVIDING A LEGAL OPINION OR OTHER EVIDENCE SATISFACTORY TO KPS VENTURES LTD.

A NEW CERTIFICATE BEARING NO LEGEND MAY BE OBTAINED FROM THE WARRANT AGENT UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION AND, IF REQUESTED BY THE CORPORATION OR THE WARRANT AGENT, AN OPINION OF COUNSEL OF RECOGNIZED STANDING, IN A FORM SATISFACTORY TO KPS VENTURES LTD. AND THE WARRANT AGENT, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

Warrant Certificate No. W _____

Warrants to acquire _____
Common Shares

COMMON SHARE PURCHASE WARRANTS

OF

KPS VENTURES LTD.

(a corporation existing under the laws of the Province of British Columbia)

THIS CERTIFIES that [Name of Holder], the registered holder hereof (the "**holder**"), for value received, is entitled at any time prior to 5:00 p.m. (Toronto time) on February 14, 2009 (the "**Time of Expiry**") to subscribe for the number of Common Shares specified above of KPS Ventures Ltd. (the "**Corporation**"), by surrendering to Pacific Corporate Trust Company (the "**Warrant Agent**") at its principal office, this Warrant Certificate with a subscription in the form of the attached subscription form duly completed and executed and accompanied by payment of \$0.75 per Common Share (the "**Exercise Price**"), subject to adjustment in certain events as set out herein and in the Warrant Indenture, by certified cheque, bank draft or money order in lawful money of Canada payable to or to the order of the Corporation in an amount equal to the number of Common Shares so subscribed for. The holder of this Warrant Certificate may purchase less than the number of Common Shares which the holder is entitled to purchase on the exercise of the Warrants represented by this certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder, at no charge to the holder.

This Warrant Certificate represents Warrants issued or issuable under the provisions of the Common Share purchase warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of February 14, 2007 between the Corporation and the Warrant Agent which contains particulars of the rights of the holders of the Warrants and the Corporation and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. In the event of any inconsistency between the terms set forth in this Warrant Certificate and the terms of the Warrant Indenture, the terms of the Warrant Indenture shall govern. A copy of the Warrant Indenture will be available for inspection at the principal stock transfer office of the Warrant Agent. Capitalized terms used in this Warrant Certificate and not otherwise defined shall have the meanings ascribed thereto in the Warrant Indenture.

Upon acceptance hereof the holder hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part. The Warrants represented by this certificate shall be deemed to have been surrendered, and payment by

certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its principal stock transfer office.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Exercise Price, the Corporation shall cause to be issued to the person(s) in whose name(s) the Common Shares so subscribed for are to be issued (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the subscription form herein shall be guaranteed by a major Canadian Schedule I chartered bank, by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program and the holder shall pay to the Corporation or the Warrant Agent all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Corporation or the Warrant Agent the amount of such tax or shall have satisfied to the satisfaction of the Corporation that such tax has been paid or that no tax is due) the number of Common Shares to be issued to such person(s) as fully paid and non-assessable shares and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise and upon due surrender of this Warrant Certificate the Warrant Agent shall issue a certificate(s) representing such Common Shares to be issued within five Business Days after the exercise of the Warrants represented by this Warrant Certificate.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or her or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrant Certificates entitling the holder thereof to acquire an equal aggregate number of Common Shares subject to adjustment as provided for in the Warrant Indenture. The Corporation and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof or any other interest except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Exercise Price in certain events therein set forth.

The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by Warrantholders holding a specified percentage of Warrants outstanding.

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal

laws applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Corporation may from time to time and at any time prior to the Time of Expiry, purchase any of the Warrants by private agreement or otherwise on such terms and conditions and at such price as the Corporation may in its sole discretion determine.

The securities represented hereby and securities which may be acquired hereunder have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or applicable state securities laws, and the Warrants evidenced by this Certificate may not be exercised by or on behalf of any "U.S. person", as such term is defined in Regulation S under the U.S. Securities Act, unless pursuant to an applicable exemption from registration under the U.S. Securities Act and applicable state securities laws and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance satisfactory to the Corporation; provided that an "accredited investor", as defined in Rule 501(a) of Regulation D under the U.S. Securities Act, that purchased Subscription Receipts in the Corporation's private placement of Subscription Receipts in the United States, will not be required to deliver an opinion of counsel in connection with the exercise of Warrants that are a part of the Units underlying those Subscription Receipts.

This Warrant Certificate shall not be valid for any purpose whatsoever and until it has been signed by the Corporation and countersigned by or on behalf of the Warrant Agent for the time being under the Warrant Indenture.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer as of the 14th day of February, 2007.

KPS VENTURES LTD.

By: _____
Authorized Signing Officer

This Warrant Certificate represents Warrants referred to in the Warrant Indenture within mentioned.

Countersigned by:

PACIFIC CORPORATE TRUST COMPANY

By: _____
Authorized Signing Officer

Date of Countersignature: _____

TRANSFER OF WARRANTS

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers
unto:

(name)

(address)

the Warrants registered in the name of the undersigned represented by the within certificate.

DATED this _____ day of _____ 2007.

Signature of Warrantholder

Guaranteed by:

Authorized Signature Number

NOTE: The signature to this transfer must correspond with the name as recorded on the Subscription Receipts in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by an authorized officer of a major Canadian Schedule I chartered bank, or a member of a recognized Signature Medallion Guarantee Program.

By Hand, Courier or Mail:

Pacific Corporate Trust Company
510 Burrard Street, 2nd Floor
Vancouver, British Columbia
V6C 3B9

SCHEDULE "B"**FORM OF DECLARATION FOR REMOVAL OF LEGEND**

TO: Pacific Corporate Trust Company
as registrar and transfer agent for the
securities of KPS Ventures Ltd.

The undersigned (a) acknowledges that the sale of securities of KPS Ventures Ltd. (the "Company") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and (b) certifies that (1) the undersigned is not an "affiliate" of the Company as that term is defined in Rule 405 under the U.S. Securities Act, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed in, on or through the facilities of a "designated offshore securities market" and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in "directed selling efforts" in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purposes of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 under the U.S. Securities Act with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: _____

Name of Seller

By: _____

Name: _____

Title: _____