AIRIQ INC.

and

PACIFIC CORPORATE TRUST COMPANY

WARRANT INDENTURE

Providing for the Issue of
Common Share Purchase Warrants

Dated as of December 17, 2003

Blake, Cassels & Graydon LLP

THIS WARRANT INDENTURE made as of December 17, 2003

B E T W E E N:

AIRIQ INC., a corporation existing under the laws of Canada and having its registered office in the City of Pickering, in the Province of Ontario

(hereinafter called the "Corporation"),

\- and -

PACIFIC CORPORATE TRUST COMPANY, a trust company existing under the laws of British Columbia and having an office in the City of Vancouver, in the Province of British Columbia

(hereinafter called the "Warrant Agent")

WHEREAS the Corporation has entered into an agency agreement (the "Agency Agreement") with National Bank Financial Inc. and GMP Securities Ltd. (collectively, the "Agents") under which the Agents have been retained by the Corporation to offer for sale 13,347,267 Units upon the terms and conditions set forth in the Agency Agreement;

AND WHEREAS the Corporation proposes to issue, as part of the Units, up to 14,148,103 Warrants, each whole warrant entitling the registered holder thereof to purchase one Common Share in the capital of the Corporation (subject to adjustment as herein provided) upon the terms and conditions herein set forth;

AND WHEREAS for such purpose the Corporation deems it necessary to create and issue Warrants constituted and issued in the manner hereinafter appearing;

AND WHEREAS the Warrants will be represented solely by Warrant Certificates issued hereunder;

AND WHEREAS all things necessary have been done and performed to make the Warrants and the certificates representing such Warrants (when certified by the Warrant Agent and issued as provided for in this Indenture) legal, valid and binding upon the Corporation with the benefits of and subject to the terms of this Indenture;

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

Section 1.1 Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith, the terms defined in this Section or elsewhere herein shall have the respective meanings specified in this Section or elsewhere herein:

(a) "Affiliate" has the meaning ascribed thereto in the *Securities Act* (Ontario), as amended or replaced from time to time;

(b) "Business Day" means a day which is not Saturday or Sunday or a statutory holiday in the City of Toronto;

(c) "Capital Reorganization" has the meaning attributed thereto in subsection 5.2(4);

(d) "Common Shares" means the common shares in the capital of the Corporation;

(e) "Corporation's Auditors" means Ernst & Young LLP, Chartered Accountants, the firm of chartered accountants duly appointed as auditors of the Corporation, or such other firm as may be duly appointed as auditors of the Corporation;

(f) "Counsel" means a barrister or solicitor or a firm of barristers or solicitors (who may be counsel for the Corporation) acceptable to the Warrant Agent;

(g) "Court" has the meaning attributed thereto in subsection 11.7(1);

(h) "Current Market Price" of a Common Share at any date means the price per share equal to the weighted average price at which the Common Shares have traded in the over-the-counter market or on a recognized exchange or market during the 20 consecutive trading days (on each of which at least 500 Common Shares are traded in board lots) ending on the fifth trading day immediately prior to such date as reported by such market or exchange in which the Common Shares are then trading or quoted. The weighted average price per Common Share shall be determined by dividing the aggregate sale price of all such shares sold on the aforementioned over-the-counter market, recognized exchange or market, as the case may be, during the aforementioned 20 consecutive trading days by the total number of such shares so sold. If the Common Shares are not then traded in the over-the-counter market or on a recognized exchange or market, the Current Market Price of the Common Shares shall be the fair market value of the Common Shares as determined in good faith by the Board of Directors of the Corporation after consultation with a nationally or internationally recognized investment dealer or investment banker;

(i) "Date of Issue" means the date of issue of Warrants hereunder in accordance with Section 2.1;

(j) “Director” means a director of the Corporation for the time being, and, unless otherwise specified herein, reference to “action by the Directors” means action by the Directors of the Corporation as a board, or whenever duly empowered, action by any committee of such board;

(k) “Dividends Paid in the Ordinary Course” means dividends paid on the Common Shares in any fiscal year of the Corporation, whether in (1) cash, (2) shares of the Corporation, (3) warrants or similar rights to purchase any shares of the Corporation, or (4) property or other assets of the Corporation, provided that the amount or value of such dividends (any such shares, warrants or similar rights, or property or other assets so distributed to be valued at the fair market value of such shares, warrants or similar rights, or property or other assets, as the case may be, as determined by action by the Directors (such determination to be conclusive)) does not in such fiscal year exceed 50% of the consolidated net income of the Corporation before extraordinary items for the period of twelve consecutive months ended immediately prior to the first day of such fiscal year less the amount of all dividends payable on all shares ranking prior to or on a parity with the Common Shares in respect of the payment of dividends (such consolidated net income, extraordinary items and dividends to be shown in the audited consolidated financial statements of the Corporation for such period of twelve consecutive months or if there are no audited consolidated financial statements for such period, computed in accordance with generally accepted accounting principles, consistent with those applied in the preparation of the most recent audited consolidated financial statements of the Corporation);

(l) “Exercise Date” with respect to any Warrant means the date on which the Warrant Certificate representing such Warrant is surrendered for exercise in accordance with the provisions of Article 4;

(m) “Exercise Period” means the period commencing on the time of issue on the Date of Issue and ending at the Time of Expiry;

(n) “Exercise Price” means a price per Share equal to $0.60 unless such price shall have been adjusted in accordance with the provisions of Article 5, in which case it shall mean the adjusted price in effect at such time;

(o) “Extraordinary Resolution” has the meaning attributed thereto in Section 9.11;

(p) “Officers” means the officers of the Corporation from time to time;

(q) “Person” means an individual, corporation, partnership, trust or any unincorporated organization;

(r) “Principal Office” means the office of the Corporation or the Warrant Agent, as the case may be at the address set forth in Subsection 13.1 or such other address in respect of which notice has been given to the Warrant Agent pursuant to Subsection 13.1;

(s) "Regulation S" means Regulation S adopted by the United States Securities and Exchange Commission;

(t) "Rights Offering" has the meaning attributed thereto in subsection 5.2(2);

(u) "Rights Period" has the meaning attributed thereto in subsection 5.2(2);

(v) "Shareholder" means a holder of record of one or more Common Shares;

(w) "Share Reorganization" has the meaning attributed thereto in subsection 5.2(1);

(x) "Special Distribution" has the meaning attributed thereto in subsection 5.2(3);

(y) "Subsidiary of the Corporation" means a corporation of which voting securities carrying a majority of the votes attached to all voting securities are held, directly or indirectly other than by way of security only, by or for the benefit of the Corporation, the Corporation and one or more subsidiaries thereof, or one or more subsidiaries of the Corporation; and, as used in this definition, voting securities means securities of a class or series or classes or series carrying a voting right to elect directors under all circumstances provided that, for the purposes hereof, securities which only carry the right to vote conditionally on the happening of an event shall not be considered voting securities whether or not such event shall have happened nor shall any securities be deemed to cease to be voting securities solely by reason of a right to vote accruing to securities of another class or series or classes or series by reason of the happening of such event;

(z) "this Warrant Indenture", "this Indenture", "herein", "hereby", and similar expressions mean and refer to this Indenture between the Corporation and Pacific Corporate Trust Company and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions "Article", "Section", and "subsection" followed by a number mean and refer to the specified Article, Section or subsection of this Indenture;

(aa) "Time of Expiry" means 5:00 p.m. (Toronto time) on December 17, 2005;

(bb) "Unit" means a unit of the Corporation comprised of one Common Share and one-half of one Common Share purchase warrant;

(cc) "United States" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

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

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

(ff) "Warrants" means the warrants issued hereunder entitling the holder to purchase Common Shares in accordance with the provisions of this Indenture;

(gg) "Warrant Certificate" means the certificate evidencing the Warrants in the form of the certificate set forth in Article 12 of this Indenture;

(hh) "Warrantholders" or "holders" without reference to shares means the Persons who are holders of Warrant Certificates;

(ii) "Warrantholders' Request" means an instrument signed in one or more counterparts by Warrantholders entitled to purchase in the aggregate not less than 10% of the aggregate number of Common Shares which could be purchased pursuant to all Warrants then unexercised and outstanding, requesting the Warrant Agent to take some action or proceeding specified therein; and

(jj) "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 mean, respectively, a written order, request, consent and certificate or other document signed in the name of the Corporation by any Director or any one of the President and Chief Executive Officer, the Chief Financial Officer, a Vice-President, the Secretary or the Treasurer of the Corporation, and may consist of one or more instruments so executed.

Section 1.2 Number and Gender

Unless elsewhere context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

Section 1.3 Interpretation Not Affected by Headings, Etc.

The division of this Indenture into Articles, Sections and subsections, 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 or the Warrant Certificates.

Section 1.4 Day Not a Business Day

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

Section 1.5 Governing Law

This Indenture and the Warrant Certificates shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

Section 1.6 Currency

Except as otherwise specified herein, all dollar amounts herein are expressed in lawful money of Canada.

ARTICLE 2
ISSUE OF WARRANTS

Section 2.1 Issue of Warrants

Up to 14,148,103 Warrants are hereby created and authorized to be issued and certificates evidencing such Warrants as have been issued shall be executed by the Corporation, certified by or on behalf of the Warrant Agent upon the written order of the Corporation and delivered in accordance with this Article.

Section 2.2 Terms of Warrants

(1) Subject to subsection 2.2(2) and Section 2.9, each Warrant authorized to be issued hereunder shall entitle the holder thereof to purchase at his option one Common Share at any time during the Exercise Period at a price equal to the Exercise Price in effect on the Exercise Date;

(2) The number of Common Shares which may be purchased pursuant to the Warrants and the Exercise Price shall be adjusted in the events and in the manner specified in Article 5.

Section 2.3 Warrantholder not a Shareholder

Nothing in this Indenture or in the holding of a Warrant evidenced by a Warrant Certificate or otherwise, shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder of the Corporation, 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, or the right to receive dividends or other distributions.

Section 2.4 Warrants to Rank Pari Passu

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

Section 2.5 Form of Warrant Certificates

(1) Warrant Certificates shall be substantially in the form set out in Article 12 or any other form of certificate that may be acceptable to the relevant regulatory authority, the Company and the Warrant Agent, shall be dated as of the date hereof (regardless of their Date of Issue) and shall bear such legends and such distinguishing letters and numbers as the Corporation shall with the approval of the Warrant Agent prescribe. Subject to subsection 2.5(2), Warrant Certificates shall be issuable in any denomination.

(2) No Warrant Certificate evidencing any fraction of a Warrant shall be issued or otherwise provided for, and no Person who purchases or holds a Warrant shall be entitled to any cash or other consideration in lieu of any interest in or claim to any fraction of a Warrant.

Section 2.6 Issue in Substitution for Lost Warrant Certificates

(1) In case any Warrant Certificate shall be mutilated, lost, destroyed or stolen, the Corporation, subject to applicable law, shall issue and thereupon the Warrant Agent shall certify and deliver, a new certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated certificate, or in lieu of and in substitution for such lost, destroyed or stolen certificate, and substituted certificate shall be in a form approved by the Warrant Agent and shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new certificate pursuant to this Section shall bear the cost of the issue thereof and in 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 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 also be required to furnish an indemnity in amount and form satisfactory to the Corporation and the Warrant Agent to save each of them harmless, and shall pay the expenses, charges and any taxes applicable thereto to the Corporation and the Warrant Agent in connection therewith.

Section 2.7 Signing of Warrant Certificates

The Warrant Certificates shall be signed by the Corporation. The signature of any 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 any of the Persons whose manual or facsimile signature appears on any Warrant Certificate as an Officers or as a Director may no longer hold office at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, subject to Section 2.8, be valid and binding upon the Corporation.

Section 2.8 Certification by the Warrant Agent

(1) No Warrant Certificate shall be issued or, if issued, shall be valid or entitle the holder to the benefit hereof or thereof until it has been certified by manual signature by or on behalf of the Warrant Agent substantially in the form of the certificate set out in Article 12, and such certification by the Warrant Agent upon any Warrant Certificate shall be conclusive evidence as against the Corporation that the Warrant Certificate so certified has been duly issued hereunder and that the holder is entitled to the benefit hereof.

(2) The certification of the Warrant Agent on 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 Warrant Certificates (except the due certification thereof) and the Warrant

Agent shall in no respect be liable or answerable for the use made of the Warrant Certificates or any of them or of the consideration therefor nor for any breach by the Corporation of its covenants herein, except as otherwise specified therein.

Section 2.9 Alternative Exercise by Labour Sponsored Investment Fund Corporations

If the holder is registered as a "Labour Sponsored Investment Fund Corporation" under the *Community Small Business Investment Funds Act* (Ontario), as amended, in lieu of satisfying the Exercise Price in cash, the holder may, subject to the terms hereof, elect to receive that number of Common Shares as is equal to the "in-the-money" value of the Warrants being exercised based on the following formula:

$$Y = \frac{X(CMP - EP)}{CMP}$$

where,

X = the number of Warrants being exercised for Common Shares

CMP = Current Market Price

EP = the exercise price of the Warrants being exercised

Y = the number of Common Shares to be issued to the holder

The election set out in this Section 2.9 may be exercised by the holder by so indicating on its subscription form but only if the Common Shares issuable upon exercise of the Warrants would not be eligible for investment by the holder pursuant to the *Income Tax Act* (Canada), the *Community Small Business Investment Funds Act* (Ontario) or any other statutory or regulatory requirement applicable to it.

ARTICLE 3
EXCHANGE AND OWNERSHIP OF WARRANTS

Section 3.1 Exchange of Warrant Certificates

(1) Warrant Certificates entitling Warrantholders to purchase any specified number of Common Shares may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for another Warrant Certificate or Warrant Certificates of like tenor entitling the holder thereof to purchase an equal aggregate number of Common Shares.

(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 or its agents and cancelled. The Corporation shall sign all Warrant Certificates

necessary to carry out exchanges as aforesaid and such Warrant Certificates shall be certified by or on behalf of the Warrant Agent.

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

Section 3.2 Ownership of Warrants

The Corporation and the Warrant Agent may deem and treat the Person in whose name any Warrant is registered as the absolute owner of such Warrant and such Person shall, for all purposes of this Indenture, be and be deemed to be the absolute owner thereof, and the Corporation and the Warrant Agent will not be affected by any notice or knowledge to the contrary except as required by statute or by order of a court of competent jurisdiction. A registered holder of any Warrant shall be entitled to the rights evidenced thereby free and from all equities and 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 issuance thereto in accordance with the terms hereof will be a good discharge to the Corporation and the Warrant Agent therefor and neither the Corporation or the Warrant Agent will be bound to inquire into the title of any such registered holder.

Section 3.3 Register Open for Inspection

A list of Warrantholders may be viewed by the Corporation or by any holder only at the Principal Office of the Warrant Agent during normal business hours and the Warrant Agent is required to provide, to the Corporation or any Warrantholder, a list of Warrantholders when requested to do so in writing.

Section 3.4 Transfer of Warrants

Subject to Section 6.1 and any restriction under applicable law or policy of any applicable regulatory body, the Warrants and Warrant Certificates and the rights thereunder are transferable by the registered holder thereof, upon due completion and execution of the transfer form set out in Article 12 and compliance with the conditions prescribed hereunder. The Warrant Agent shall have no duty to ensure compliance by the Corporation or any Warrantholder with applicable securities laws on the transfer or exercise of any Warrant. The Warrant Agent shall have no obligation to ensure or 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 thereof provided such issue, exercise or transfer is effected in accordance with the terms of this Warrant Indenture.

Section 3.5 Evidence of Ownership

(1) Upon receipt of a certificate of any bank, trust company or other depositary satisfactory to the Warrant Agent stating that the Warrants specified therein have been deposited by a named Person with such bank, trust company or other depositary and will remain so deposited until the expiry of the period specified therein, the Corporation and the Warrant Agent may treat the Person so named as the owner, and such certificate as sufficient evidence of the ownership by such Person of such Warrants during such period, for the purpose of any requisition, direction, consent, instrument or other document to be made, signed or given by the holder of the Warrants so deposited.

(2) The Corporation and the Warrant Agent may accept as sufficient evidence of the fact and date of the signing of any requisition, direction, consent, instrument or other document by any Person the signature, as witness, of any officer of any trust company, bank or depositary satisfactory to the Warrant Agent, the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded at the place where such certificate is made that the Person signing acknowledged to him the execution thereof, or a statutory declaration of a witness of such execution.

Section 3.6 The Register

The Warrant Agent shall cause to be kept:

(1) by and at the Principal Office of the Warrant Agent, a register of holders in which shall be entered in alphabetical order the names and addresses of the holders and particulars of the Warrants held by them.

(2) by and at the Principal Office of the Warrant Agent, a register of transfers in which all transfers of warrants and the date and other particulars of each transfer shall be entered.

No transfer of any Warrant will be valid unless duly entered on the appropriate register of transfers, upon the surrender to the Warrant Agent of the Warrant Certificate, duly endorsed by, or accompanied by a written instrument of transfer in a form satisfactory to the Warrant Agent and the Corporation executed by, the registered holder or its executors, administrators or other legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent and the Corporation, and, upon compliance with such requirements and other reasonable requirements as the Warrant Agent and the Corporation may prescribe, such transfer will be duly noted on one of such registers of transfers by the Warrant Agent.

ARTICLE 4
EXERCISE OF WARRANTS

Section 4.1 Method of Exercise of Warrants

(1) The holder of any Warrant Certificate may exercise the right thereby conferred on the holder to purchase Common Shares by surrendering to the Warrant Agent during the

Exercise Period at its transfer offices in the Cities of Vancouver, British Columbia or Toronto, Ontario or at any other place or places that may be designated by the Corporation with the approval of the Warrant Agent:

(a) the Warrant Certificate, with a duly completed and executed subscription in the appropriate form set out in Article 12;

(b) a certified cheque, money order or bank draft in lawful money of Canada payable to or to the order of the Corporation or the Warrant Agent at par in the city where such Warrant Certificate is surrendered, in an amount equal to the Exercise Price applicable at the time of such surrender in respect of each Common Share subscribed for;

(c) state the Person(s) in whose name(s) such shares are to be issued;

(d) provide the address(es) of each person(s) so specified; and

(e) if Common Shares are to be issued to someone other than the holder, include payment of all requisite transfers, taxes or similar charges.

A Warrant Certificate with the duly completed and executed subscription form together with the payment aforesaid shall be deemed to be surrendered only upon personal delivery thereof to the Warrant Agent at the office set forth above, or, if sent by mail upon actual receipt thereof by the Warrant Agent at its Principal Office.

(2) Any subscription referred to in subsection 4.1(1) shall be signed by the Warrantholder and shall specify the number of Common Shares which the holder desires to purchase (being not more than those which he is entitled to purchase pursuant to the Warrant Certificate(s) surrendered).

Section 4.2 Effect of Exercise of Warrants

(1) Upon surrender and payment by the holder of any Warrant Certificate in accordance with Section 4.1, the Warrant Agent shall immediately notify the Corporation, or its transfer agent, as the case may be, and the Common Shares so subscribed for shall be issued by the Corporation or its transfer agent, as the case may be, and the Person or Persons to whom such Common Shares are to be issued shall become the holder or holders of record of such Common Shares on the Exercise Date unless the transfer books of the Corporation shall be closed on such date, in which case the Common Shares so subscribed for shall be issued, and such Person or Persons shall become the holder or holders of record of such Common Shares on the date on which such transfer books were reopened and such Common Shares shall be issued at the Exercise Price in effect on the Exercise Date. To the extent the opening of the transfer books of the Corporation remains within their control, the Corporation and its transfer agent shall cause such transfer books to be open on Business Days.

(2) Within three Business Days during which the transfer registers of the Corporation shall have been open after the due exercise of a Warrant Certificate for Common Shares as

aforesaid, the Corporation shall cause to be mailed to the Person or Persons in whose name or names the Common Shares so subscribed for have been issued, as specified in the subscription endorsed on the Warrant Certificate, at his or their respective addresses specified in such subscription or, if so specified in such subscription, cause to be delivered to such Person or Persons at the office of the Warrant Agent where such Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares subscribed for.

(3) If at the time of exercise of the Warrants there remain trading restrictions on the Common Shares acquired upon such exercise pursuant to applicable securities legislation or policy of any applicable regulatory body, the Corporation may, upon the advice of Counsel, endorse any Common Share and certificates to such effect.

Section 4.3 Subscription for Less than Entitlement

The holder of any Warrant Certificate may subscribe for and purchase a number of Common Shares less than the number which the holder is entitled to purchase pursuant to the surrendered Warrant Certificate. In the event of a purchase of a number of Common Shares less than the number which may be purchased pursuant to a Warrant Certificate, the holder thereof shall be entitled to receive, without charge except as aforesaid, a new Warrant Certificate in respect of the balance of the Common Shares which such holder was entitled to purchase pursuant to the surrendered Warrant Certificate and which was not then purchased.

Section 4.4 No Fractional Shares

The Corporation shall not be required to issue fractional Common Shares in satisfaction of its obligations hereunder. If any fractional interest in a Common Share would, except for the provisions of this Section 4.4, be deliverable upon the exercise of a Warrant, the Corporation shall in lieu of delivering the fractional Common Shares therefor satisfy the right to receive such fractional interest by payment to the holder of such Warrant of an amount in cash equal (computed in the case of a fraction of a cent to the next lower cent) to the value of the right to acquire such fractional interest on the basis of the Current Market Price at the date of exercise of such Warrant. The Current Market Price will be provided by the Corporation to the Warrant Agent upon request.

Section 4.5 Expiration of Warrant Certificates

After the expiry of the Exercise Period all rights under any Warrant Certificate in respect of which the right of subscription and purchase of Common Shares herein and therein provided for shall not theretofore have been exercised shall wholly cease and terminate and such Warrant Certificate shall be void and of no effect.

Section 4.6 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered to the Warrant Agent pursuant to Sections 2.6, 3.1, 4.1 or 6.1 shall be cancelled by the Warrant Agent and, if requested by the Corporation in writing, the Warrant Agent shall furnish or cause to be furnished to the Corporation a certificate identifying the Warrant Certificates so cancelled and the number of Warrants cancelled.

Section 4.7 Accounting and Recording

(1) The Warrant Agent shall promptly account to the Corporation with respect to Warrants exercised and forward to the Corporation (or into an account or accounts of the Corporation with the bank or trust company designated by the Corporation for that purpose) all monies received on the purchase of Common Shares through the exercise of Warrant Certificates. All such monies, and any securities or other instruments from time to time received by the Warrant Agent, shall be received in trust for, and shall be segregated and kept apart by the Warrant Agent in trust for, the Corporation.

(2) The Warrant Agent shall record the particulars of the Warrant Certificates exercised which shall include the name or names and addresses of the Persons who become holders of Common Shares on exercise, the Exercise Date and the Exercise Price thereof.

Section 4.8 Prohibition on Exercise by U.S. Persons

The Warrants and the Common Shares issuable upon exercise thereof have not been registered under the U.S. Securities Act, or the securities laws of any state of the United States, and may not be transferred in the United States or to a U.S. Person unless the Warrants and the Common Shares issuable upon exercise thereof have been registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirement is available. The Warrant Agent shall not permit the transfer of any Warrants to a U.S. Person unless the holder thereof has provided to the Warrant Agent and the Corporation an opinion of counsel, or other evidence, in form reasonably satisfactory to the Corporation, to the effect that such transfer of Warrants does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities.

ARTICLE 5
ADJUSTMENT OF SUBSCRIPTION RIGHTS AND EXERCISE PRICE

Section 5.1 Definitions

In this Article 5, the terms “record date” and “effective date” mean the particular time on the relevant date.

Section 5.2 Adjustment of Exercise Price and Number of Shares Purchasable Upon Exercise

The Exercise Price (and the number of Common Shares purchasable upon exercise in the case of subsections (4) and (5) below of this Section 5.2) shall be subject to adjustment from time to time in the events and in the manner provided as follows:

(1) Share Reorganization. If during the Exercise Period the Corporation shall:

(a) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of stock dividend or other distribution (other than as Dividends Paid in the Ordinary Course), or

(b) subdivide, redivide or change its outstanding Common Shares into a greater number of Common Shares, or

(c) consolidate, reduce or combine its outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these clauses (a), (b) and (c) being called a “Share Reorganization”), then the Exercise Price shall be adjusted as of the effective date or record date, as the case may be, at which the holders of Common Shares are determined for the purpose of the Share Reorganization by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such Share Reorganization and the denominator of which shall be the number of Common Shares outstanding as of the effective date or record date after giving effect to such 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 or effective date).

(2) Rights Offering. If during the Exercise Period the Corporation shall fix a record date for the issue of rights, options or warrants to all or substantially all of the holders of Common Shares under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (“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 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 Exercise Price shall be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Exercise Price in effect immediately prior to the end of the Rights Period by a fraction:

(a) the numerator of which shall be the aggregate of:

(i) number of Common Shares outstanding as of the record date for the Rights Offering, and

(ii) a number determined by dividing (i) either (a) the product of the number of Common Shares issued or subscribed during the Rights Period upon the exercise of the rights, warrants or options under the Rights Offering and the price at which such Common Shares are offered, or, as the case may be, (b) the product of the exchange or conversion price per share of such securities offered and the number of Common Shares for or into which the securities so offered pursuant to the Rights Offering have been exchanged or converted during the Rights Period, by (ii) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

(b) the denominator of which shall be the number of Common Shares outstanding after giving effect to the Rights Offering and including the number of Common Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering or upon the exercise of the exchange or conversion rights contained in such exchangeable or convertible securities under the Rights Offering.

Any Warrantholder who shall have exercised his right to purchase Common Shares in accordance with Section 4.1 during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period therefor shall, in addition to the Common Shares to which he is otherwise entitled upon such exercise in accordance with Section 4.1, be entitled to that number of additional Common Shares equal to the result obtained when the difference, if any, resulting from the subtraction of the Exercise Price as adjusted for such Rights Offering pursuant to this subsection 5.2(2) from the Exercise Price in effect immediately prior to the end of such Rights Offering is multiplied by the number of Common Shares purchased upon exercise of the Warrants held by such Warrantholder during such period, and the resulting product is divided by the Exercise Price as adjusted for such Rights Offering pursuant to this subsection 5.2(2); provided that the provisions of Section 4.4 shall be applicable to any fractional interest in a Share to which such Warrantholder might otherwise be entitled under the foregoing provisions of this subsection 5.2(2). Such additional Common Shares shall be deemed to have been issued to the Warrantholder immediately following the end of the Rights Period and a certificate for such additional Common Shares shall be delivered to such Warrantholder within ten Business Days following the end of the Rights Period.

(3) Special Distribution. If during the Exercise Period the Corporation shall issue or distribute to all or to substantially all the holders of the Common Shares:

(a) securities of the Corporation including rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into or exchangeable into any such shares or property or assets and including evidences of its indebtedness, or

(b) any property or other assets,

and if such issuance or distribution does not constitute Dividends Paid in the Ordinary Course, a Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "Special Distribution"), the Exercise Price shall, subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading, be adjusted effective immediately after the record date at which the holders of affected Common Shares are determined for purposes of the Special Distribution to a price determined by multiplying the Exercise Price in effect on such record date by a fraction:

(c) the numerator of which shall be:

(i) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less

(ii) the excess, if any, of (A) the fair market value on such record date, as determined by action by the Directors, whose determination shall be conclusive, which action shall be subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading, to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution over (B) the fair market value of any consideration received therefor by the Corporation from the holders of the Common Shares, as determined by action by the Directors, which determination shall be conclusive; and

(d) the denominator of which shall be 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.

(4) Capital Reorganization. If during the Exercise Period there shall be a reclassification of Common Shares at any time outstanding or a change of the Common Shares into other shares or into other securities (other than a 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 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 exercises his right to purchase Common Shares pursuant to Warrant(s) then held after the effective date of such Capital Reorganization shall be entitled to receive, and shall accept for the same aggregate consideration in lieu of the number of Common Shares to which such holder was theretofore entitled upon such exercise the aggregate number of shares, other securities or other property which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Warrantholder had been the registered holder of the number of Common Shares to which such holder was theretofore entitled upon exercise of the Warrant subject to adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in Sections 5.2 and 5.3 hereof, provided however, that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken to so entitle the Warrantholders. If determined appropriate by the Corporation, acting reasonably, and subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading, appropriate adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 5 with respect to the rights and interests thereafter of Warrantholders to the end that the provisions set forth in this Article 5 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 adjustments shall be made by and set forth in terms and conditions supplemental hereto

approved by action by the Directors and by the Corporation, acting reasonably, and shall for all purposes be conclusively deemed to be appropriate adjustments.

(5) If during the Exercise Period a Share Reorganization shall occur which results in an adjustment in the Exercise Price pursuant to the provisions of this Section 5.2, the number of Common Shares purchasable pursuant to each Warrant shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Common Shares theretofore purchasable on the exercise thereof by a fraction the numerator of which shall be the Exercise Price in effect immediately prior to such adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

Section 5.3 Rules Regarding Calculation of Adjustment of Exercise Price and Number of Common Shares Purchasable Upon Exercise

For the purposes of Section 5.2:

(1) The adjustments provided for in Section 5.2 are cumulative, and shall, in the case of adjustments to the Exercise Price be computed to the nearest one-tenth of one cent and shall be made successively whenever an event referred to therein shall occur, subject to the following subsections of this Section 5.3.

(2) No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least 1% in the prevailing Exercise Price and no adjustment shall be made in the number of Common Shares purchasable upon exercise of a Warrant unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which, except for the provisions of this subsection 5.3(2) would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(3) No adjustment in the Exercise Price or in the number of Common Shares purchasable upon exercise of Warrants shall be made in respect of any event described in Section 5.2, other than the events referred to in clauses (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. The terms of the participation of the Warrantholders in such event shall be subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading.

(4) No adjustment in the Exercise Price shall be made pursuant to Section 5.2 in respect of the issue from time to time:

(i) of Common Shares purchasable on exercise of the Warrants or any other warrants of the Corporation outstanding as of the date hereof;

(ii) in respect of the issue from time to time as Dividends 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;

(iii) of Common Shares pursuant to any stock option or stock purchase plan in force at the date hereof for directors, officers, employees or consultants of the Corporation; or

(iv) of Common Shares pursuant to any options granted to the Agents,

and any such issue shall be deemed not to be a Share Reorganization.

(5) If a dispute shall at any time arise with respect to adjustments provided for in Section 5.2, such dispute shall 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 action by the Directors and any such determination shall be binding upon the Corporation, the Warrant Agent and the Warrantholders. Notwithstanding the foregoing, such determination shall be subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading. Such auditors or accountants shall be provided access to all necessary records of the Corporation. In the event that any such determination is made, the Corporation shall deliver a certificate to the Warrant Agent in the manner contemplated in Section 13.1 and a notice to the Warrantholders in the manner contemplated in Section 13.2 describing such determination.

(6) In case the Corporation after the date of issue of the Warrants shall take any action affecting the Common Shares, other than action described in Section 5.2, which in the opinion of the Directors of the Corporation would materially affect the rights of Warrantholders, the Exercise Price and the number of Common Shares purchasable upon exercise shall be adjusted in such manner, if any, and at such time, by action by the Directors, in their sole discretion as they may determine to be equitable in the circumstances, but subject in all cases to any necessary regulatory or stock exchange approval. Failure of the taking of action by the Directors so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares shall be conclusive evidence that the board of Directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.

(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 Exercise Price or the number of Common Shares purchasable upon exercise of any Warrant 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 Special Distribution or Rights Offering, the Corporation shall be deemed to have fixed as the record date therefor the date on which the Special Distribution or Rights Offering is effected.

(9) As a condition precedent to the taking of any action which would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exercise Price and the number or class of shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of counsel to the Corporation, 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 which all the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions thereof and hereof.

Section 5.4 Postponement of Subscription

In any case in which this Article 5 shall require that an adjustment shall be effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such an event:

(a) issuing to the holder of any Warrant exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event, and

(b) delivering to such holder any distributions declared with respect to such additional Common Shares after such Exercise Date and before such event;

provided, however, that the Corporation shall deliver or cause to be delivered to such holder, an appropriate instrument evidencing such holder's right, upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable on the exercise of any Warrant and to such distributions declared with respect to any additional Common Shares issuable on the exercise of any Warrant.

Section 5.5 Notice of Adjustment of Exercise Price and Number of Common Shares Purchasable Upon Exercise

(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 in any of the subscription rights pursuant to any of the Warrants, including the Exercise Price and the number of Common Shares which are purchasable upon the exercise thereof, or such longer period of notice as the Corporation shall be required to provide holders of Common Shares in respect of any such event, the Corporation shall give notice to the Warrant Agent and the Warrantholders of the particulars of such event and, if determinable, the required adjustment and the computation of such adjustment. Notice to the Warrantholders shall be given in the manner specified in Section 13.2.

(2) In case any adjustment for which a notice in subsection 5.5(1) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable give

notice to the Warrant Agent and the Warrantholders of the adjustment and the computation of such adjustment.

Section 5.6 Protection of the Warrant Agent

(1) The Warrant Agent shall be entitled to act and rely on any adjustment calculation provided in writing by the Corporation, its Directors or the Corporation's Auditors.

(2) The Warrant Agent shall not at any time be under any duty or responsibility to any Warrantholder to determine whether facts exist which may require any adjustment contemplated by this Article 5, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same.

(3) The Warrant Agent shall not be accountable with respect to the validity or value (or the kind or amount) of the Warrants, the Common Shares or of any other shares or securities or property which may at any time be issued or delivered upon the exercise or deemed exercise of any Warrant.

(4) The Warrant Agent shall not be responsible for any failure of the Corporation to make any cash payment, to issue, transfer or deliver the Common Shares, or to comply with any covenants of this Article 5.

ARTICLE 6
PURCHASES BY THE CORPORATION

Section 6.1 Optional Purchases by the Corporation

Subject to applicable law, the Corporation may from time to time purchase on any stock exchange, in the open market, 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.

ARTICLE 7
COVENANTS OF THE CORPORATION

Section 7.1 Covenants of the Corporation

The Corporation covenants with the Warrant Agent that so long as any Warrants remain outstanding and may be exercised:

(a) if and as long as the articles of the Corporation shall limit the number of authorized Common Shares, it will reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;

(b) it will cause the Common Shares and the certificates representing the Common Shares subscribed and paid for pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with the Warrant Certificates and the terms hereof;

(c) all Common Shares which shall be issued upon exercise of the right to purchase provided for herein and in the Warrant Certificates, upon payment of the prevailing Exercise Price herein provided for and in the Warrant Certificates and compliance with the other applicable terms and conditions hereof and thereof, shall be fully paid and non-assessable;

(d) it will not take any other action which might deprive the Warrantholders of the opportunity of exercising their right of purchase pursuant to the Warrants held by such Persons during the period of notice required by subsection 5.5(1);

(e) it shall give written notice of the issue of Common Shares pursuant to the exercise of Warrants, if required and in such detail as may be required, to the Toronto Stock Exchange or any other exchange or over-the-counter market on which the Common Shares are the listed or quoted for trading and to each securities regulatory authority in each relevant jurisdiction pursuant to applicable law;

(f) it shall maintain its corporate existence and carry on and conduct its business in the same manner as heretofore carried on and conducted;

(g) it shall use its best efforts to ensure that all Common Shares outstanding or issuable from time to time (including without limitation the Common Shares issuable on the exercise of the Warrants) are listed and posted for trading on the Toronto Stock Exchange or such other stock exchange or over-the-counter market as may be determined by the Corporation;

(h) it shall make all requisite filings under applicable Canadian securities legislation including those necessary to remain a reporting issuer not in default in each of Alberta, British Columbia, Ontario and Quebec; and

(i) it will perform all of its covenants and carry out all of the acts or things to be done by it as provided in this Indenture.

Section 7.2 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, disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the duties hereby created (including the reasonable compensation and the disbursements of its Counsel and all other advisers 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, disbursement or advance as may arise out of or result from the negligence, wilful misconduct, bad faith, material breach of the obligations hereunder of the Warrant Agent.

Section 7.3 Performance of Covenants by Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Warrant Indenture, the Warrant Agent may notify the Warrantholders in the manner provided in Section 13.2 of such failure on the part of the Corporation or, subject to Section 11.1, may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to perform such covenants or to notify the Warrantholders of such performance by it. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

ARTICLE 8
ENFORCEMENT

Section 8.1 Suits by Warrantholders

All or any of the rights conferred upon any Warrantholder by any of the terms of the Warrant Certificates or of this Indenture, or of both, subject to Section 9.10, may be enforced by the Warrantholder by appropriate proceedings but without prejudice to the right which 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 Warrantholders.

Section 8.2 Immunity of Shareholders, etc.

The Warrant Agent and, by their acceptance of the Warrant Certificates 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 incorporator or any past, present or future shareholder of the Corporation or of any successor corporation for the issue of the Common Shares pursuant to any Warrant or on any covenant, agreement, representation or warranty by the Corporation herein or in the Warrant Certificates contained.

Section 8.3 Limitation of Liability

The obligations hereunder are not personally binding upon nor shall resort hereunder be had to, the private property of any of the past, present or future shareholders of the Corporation or of any successor corporation or of any of the past, present or future officers, employees or agents of the Corporation or of any successor corporation, but only the property of the Corporation or of any successor corporation shall be bound in respect hereof.

Section 8.4 Warrant Agent

The Warrant Agent may institute all proceedings. 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 be advised and shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

ARTICLE 9
MEETINGS OF WARRANTHOLDERS

Section 9.1 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 and upon receiving sufficient funds and being indemnified to its reasonable satisfaction by the Corporation or by the Warrantholders signing such Warrantholders' Request against the cost which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Warrantholders. In the event of the Warrant Agent failing to so convene a meeting within 30 days after receipt of such written request of the Corporation or Warrantholders' Request, funds and indemnity given as aforesaid, 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 or at such other place as may be approved or determined by the Warrant Agent unless the meeting was convened by the Corporation or by Warrantholders as a result of the Warrant Agent's failure or refusal to convene the meeting, in which case the meeting shall be held at such place as may be determined by the Corporation or by the Warrantholders convening the meeting, as the case may be.

Section 9.2 Notice

At least 21 days' prior notice of any meeting of Warrantholders shall be given to the Warrantholders and the Agents in the manner provided for in Section 13.2 and a copy of such notice shall be sent by mail to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation). Such notice shall state the time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat 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 nor any of the provisions of this Article 9. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or by the Corporation or by the Warrantholder or Warrantholders convening the meeting.

Section 9.3 Chair

An individual (who need not be a Warrantholder) nominated in writing by the Warrant Agent shall be chair of the meeting and if no individual is so nominated, or if the individual so nominated is not present within fifteen minutes from the time fixed for the holding of the meeting, or if such Person is unable or unwilling to act as chair, the Warrantholders present in Person or by proxy shall choose some individual present to be chair.

Section 9.4 Quorum

Subject to the provisions of Section 9.11, at any meeting of the Warrantholders a quorum shall consist of Warrantholders present in Person or by proxy and entitled to purchase at least 10% of the aggregate number of Common Shares which could be purchased pursuant to all the then outstanding Warrants, provided that at least two Persons entitled to vote thereat are personally present. If a quorum of the Warrantholders shall not be present within thirty minutes 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 and subject to Section 9.11 no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum be present at the commencement of business. At the adjourned meeting the Warrantholders present in Person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not be entitled to purchase at least 10% of the aggregate number of Common Shares which may be purchased pursuant to all then outstanding Warrants.

Section 9.5 Power to Adjourn

The chair 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.

Section 9.6 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 chair 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.

Section 9.7 Poll and Voting

(1) On every Extraordinary Resolution, and on any other question submitted to a meeting and after a vote by show of hands when demanded by the chair or by one or more of the Warrantholders acting in Person or by proxy, a poll shall be taken in such manner as the chair shall direct. Questions other than those required to be determined by Extraordinary Resolution shall be decided by a majority of votes cast on the poll.

(2) 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 Common Share which he is entitled to purchase pursuant to the Warrant or Warrants then held or represented by him. A proxy need not be a Warrantholder. The chair 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.

Section 9.8 Regulations

(1) 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 think fit:

(a) for the issue of voting certificates by any bank, trust company or other depositary approved by the Warrant Agent certifying that specified Warrants have been deposited with it by a named holder and will remain on deposit until after the meeting, which voting certificates shall entitle the holders named therein to be present and vote at any such meeting and at any adjournment thereof or to appoint a proxy or proxies to represent them and vote for them at any such meeting and at any adjournment thereof in the same manner and with the same effect as though the holders so named in such voting certificates were the actual holders of the Warrant specified therein;

(b) for Warrantholders to appoint a proxy or proxies to represent them and vote for them at any such meeting and at any adjournment thereof and the manner in which same shall be executed, and for the production of the authority of any persons signing on behalf of the giver of such proxy;

(c) for the deposit of voting certificates and 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;

(d) for the deposit of voting certificates and instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, delivered or sent by facsimile transmission 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;

(e) for the form of the voting certificates and instrument of proxy; and

(f) generally for the calling of meetings of Warrantholders and the conduct of business thereat.

(2) 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, or as may be expressly provided for herein 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 9.9) shall be Warrantholders or Persons holding voting certificates or duly appointed proxies of Warrantholders.

Section 9.9 Corporation, Warrant Agent, Warrantholders and Agents May be Represented

The Corporation, the Warrant Agent and the Agents, by their respective directors, officers and employees, and counsel for the Corporation, for the Warrant Agent, for any Warrantholder and for the Agents may attend any meeting of the Warrantholders, but shall have no vote as such.

Section 9.10 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, exercisable from time to time by Extraordinary Resolution:

(a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Warrantholders or (with the consent of the Warrant Agent, such consent not to be unreasonably withheld) the Warrant Agent in its capacity as warrant agent hereunder or on behalf of the Warrantholders against the Corporation whether such rights arise under this Indenture, the Warrant Certificate or otherwise:

(b) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or to authorize the Warrant Agent to enforce any of the covenants on the part of the Corporation contained in this Indenture or the Warrant Certificates 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, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any provisions of this Indenture or the Warrant Certificates 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 Warrant Certificates 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 to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith; and

(g) to remove the Warrant Agent and to appoint a successor warrant agent in the manner specified in Section 11.7 hereof.

Section 9.11 Meaning of Extraordinary Resolution

(1) The expression "Extraordinary Resolution" when used in this Indenture means, subject as hereinafter provided in this Section 9.11 and in Section 9.14, a resolution proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 9 at which there are present in Person or by proxy Warrantholders entitled to purchase at least 25% of the aggregate number of Common Shares which may be purchased pursuant to all the then outstanding Warrants and passed by the affirmative votes of Warrantholders entitled to purchase not less than 66 2/3% of the aggregate number of Common Shares which may be purchased pursuant to 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 entitled to purchase at least 25% of the aggregate number of Common Shares which may be purchased pursuant to all the then outstanding Warrants are not present in Person or by proxy within 30 minutes 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 15 or more than 60 days later, and to such place and time as may be appointed by the chair. Not less than ten days' prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 13.2. Such notice shall state that at the adjourned meeting the Warrantholders present in Person or 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 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 9.11(1) shall be an Extraordinary Resolution within the meaning of this Indenture notwithstanding that Warrantholders entitled to purchase at least 25% of the aggregate number of Common Shares which may be purchased pursuant to all the then outstanding Warrants are not present in Person or 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.

Section 9.12 Powers Cumulative

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 power or powers or combination of powers then or thereafter from time to time.

Section 9.13 Minutes

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

Section 9.14 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 9 may also be taken and exercised by Warrantholders entitled to purchase at least 66 2/3% of the aggregate number of Common Shares which may be purchased pursuant to 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.

Section 9.15 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 9 at a meeting of Warrantholders 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 9.14 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 Warrant Agent shall give notice in the manner contemplated in Section 13.2 of the effect of the instrument in writing to all Warrantholders and the Corporation as soon as is reasonably practicable.

Section 9.16 Holdings by Corporation Disregarded

In determining whether Warrantholders holding Warrants evidencing the required number of Common Shares 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 any Subsidiary of the Corporation or any other Affiliate of the Corporation, as determined in accordance with the provisions of Section 13.7, shall be disregarded. The Corporation will provide the Warrant Agent upon request, a certificate of the Corporation detailing their holdings and those of their subsidiaries and the various registrations.

ARTICLE 10
SUPPLEMENTAL INDENTURES

Section 10.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Corporation (when authorized by action by the Directors) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, 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) setting forth any adjustments resulting from the application of the provisions of Article 5 or any modification affecting the rights of Warrantholders hereunder on exercise of the Warrants, provided that any such adjustments or modifications shall be subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading;

(b) 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 rights or interests of any of the Warrantholders;

(c) giving effect to any Extraordinary Resolution passed as provided in Article 9;

(d) 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 rights or interests of any of the Warrantholders;

(e) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrant Certificates, and making any modification in the form of the Warrant Certificates which does not affect the substance thereof;

(f) modifying any of the provisions of this Indenture, including by providing for the creation and the authority to issue additional Warrants, or relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if, in the opinion of the Warrant Agent, relying on the advice of Counsel, such modification or relief in no way prejudices any of the rights or interests of any of the Warrantholders or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and

(g) 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, mistakes or omissions herein, provided that in the opinion of the Warrant Agent, relying on the advice of Counsel, the rights or interests of the Warrant Agent and any of the Warrantholders are in no way prejudiced thereby.

Section 10.2 Successor Corporations

In the case of the consolidation, amalgamation, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation ("successor corporation"), the successor corporation resulting from such consolidation, amalgamation, merger or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation.

ARTICLE 11
CONCERNING THE WARRANT AGENT

Section 11.1 Rights and Duties of Warrant Agent

(1) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise that 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 Person to indemnify the Warrant Agent against, liability for its own negligence, wilful misconduct or bad faith.

(2) 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 to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and to hold harmless the Warrant Agent 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 to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

(3) The Warrant Agent may, before commencing or at any time during the continuance of any such act, action or proceedings, require the Warrantholders, at whose

instance it is acting, to deposit with the Warrant Agent the Warrant Certificates held by them, for which the Warrant Agent shall issue receipts.

(4) 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 hereby 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 desired to be brought to the attention of the Warrant Agent; and in the absence of any such notice the Warrant Agent may for all purposes of this indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

(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 to it is subject to the provisions of this Section 11.1 and of Section 11.2.

Section 11.2 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and 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 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 as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents or orders of the Corporation, on certificates of the Corporation or other evidence furnished to the Warrant Agent pursuant to any provision hereof or pursuant to a request of the Warrant Agent, provided that the Warrant Agent examines the same and determines that such evidence complied with the applicable requirements of this Indenture.

(3) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by the certificate of a notary public, or other officer with similar powers, that 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.

(4) The Warrant Agent may employ or retain such Counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of 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 provided that the Warrant Agent has acted in accordance with the standards set forth in Section 11.1, shall not be responsible for any misconduct on the part of them.

(5) The Warrant Agent may act and rely 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.

(6) 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 by the Warrant Agent, in relation to any matter arising in the administration of the trusts hereof.

Section 11.3 Documents, Monies, Etc., Held by Warrant Agent

Any securities, documents of title or other instruments that may at any time be held by the Warrant Agent subject to the provisions hereof may be placed in the deposit vaults of the Warrant Agent or of any Canadian chartered bank or deposited for safekeeping with any such bank. Unless herein otherwise expressly provided, any monies so held pending the application or withdrawal thereof under any provisions of this Indenture may be deposited in the name of the Warrant Agent in any Canadian chartered bank at the rate of interest (if any) then current on similar deposits, or upon the written direction of the Corporation, may be deposited in the deposit department of the Warrant Agent or any other loan or trust company authorized to accept deposits under the laws of Canada or a province thereof. Unless the Corporation shall be in default hereunder, all interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Corporation. If the Corporation shall be in default hereunder, the Warrant Agent shall be entitled to apply all such interest or other income in satisfaction of the obligations of the Corporation hereunder.

Section 11.4 Action by Warrant Agent to Protect Interest

The Warrant Agent shall have 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 Warrantholders.

Section 11.5 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 trusts and powers of this Indenture or otherwise in respect of the premises.

Section 11.6 Protection of Warrant Agent

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

(1) The Warrant Agent shall not be liable for or by reason of any statement of fact or recitals in this indenture or in the Warrant Certificates (except the representations contained in Section 11.8 or in the certificate of the Warrant Agent on the Warrant Certificates) or be required

to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;

(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; and

(4) The Warrant Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the covenants herein contained or of any acts of any Directors, officers, employees, agents or servants of the Corporation.

Section 11.7 Replacement of Warrant Agent; Successor by Merger

(1) The Warrant Agent may resign and be discharged from all further duties and liabilities hereunder, subject to this subsection 11.7(l), by giving to the Corporation not less than 30 days prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Warrantholders by Extraordinary Resolution shall have 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 Warrantholders; failing such appointment by the Corporation, the retiring Warrant Agent or any Warrantholder may apply to a justice of the Ontario Superior Court of Justice (the "Court"), 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 Warrantholders. Any new warrant agent appointed under any provision of this Section 11.7 shall be a corporation authorized to carry on the business of a trust company in the province of Ontario. 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 such powers, rights and duties and responsibilities 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.

(2) Upon the appointment of a successor warrant agent, the Corporation shall promptly notify the Warrantholders thereof in the manner provided for in Section 13.2 hereof.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation resulting thereof, or any corporation succeeding to the trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as a successor warrant agent under subsection 11.7(1).

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

Section 11.8 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 between its role as a warrant agent hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or resign. Notwithstanding the foregoing provisions of this subsection 11.8(1), if any such material conflict of interest exists or hereinafter shall exist, the validity and enforceability of this Indenture and the Warrant Certificates shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to subsection 11.8(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 of the Corporation without being liable to account for any profit made thereby.

Section 11.9 Warrant Agent Not to be Appointed Receiver

The Warrant Agent and any Person related to the Warrant Agent shall not be appointed receiver, receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

Section 11.10 Indemnification

The Corporation hereby agrees to indemnify and hold harmless the Warrant Agent and its officers, directors and employees from and against any and all reasonable liabilities, losses, claims, actions, costs, expenses and disbursements (including reasonable legal fees and disbursements) which it might incur or to which it might have become subject and any action, suit, or other similar legal proceeding which might be instituted against the Warrant Agent arising from or out of any act, omission or error of the Warrant Agent arising out of or in connection with this Indenture provided that such act, omission or error was made in good faith and in the conduct of the Warrant Agent's duties hereunder and in accordance with the standards set forth in Section 11.1 and did not constitute negligence or wilful misconduct on the part of the Warrant Agent. This provision shall survive the resignation or removal of the Warrant Agent or the termination of this Indenture.

ARTICLE 12
FORM OF WARRANT CERTIFICATE

Section 12.1 Form of Warrant Certificate

The following is the form of Warrant Certificate referred to in Section 2.5:

(FORM OF WARRANT CERTIFICATE)

THIS CERTIFICATE, AND THE SHARE PURCHASE WARRANTS EVIDENCED HEREBY, WILL BE VOID AND OF NO VALUE UNLESS EXERCISED ON OR BEFORE 5:00 P.M. (TORONTO TIME) ON DECEMBER 17, 2005

AIRIQ INC.

NO.______ ______________ WARRANTS

CUSIP NO.______

SHARE PURCHASE WARRANTS

THE WARRANTS REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON THE EXERCISE OF THE WARRANTS REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THE WARRANT AGENT SHALL NOT PERMIT THE TRANSFER OF ANY WARRANTS TO A U.S. PERSON UNLESS THE HOLDER THEREOF HAS PROVIDED TO THE WARRANT AGENT AND THE CORPORATION AN OPINION OF COUNSEL, OR OTHER EVIDENCE, IN FORM REASONABLY SATISFACTORY TO THE CORPORATION, TO THE EFFECT THAT SUCH TRANSFER OF WARRANTS DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES. AS USED HEREIN, THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS ASCRIBED TO THEM IN REGULATION S UNDER THE U.S. SECURITIES ACT.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDERS OF THE SECURITIES SHALL NOT TRADE THE SECURITIES BEFORE APRIL 18, 2004.

THIS IS TO CERTIFY THAT for value received, ______________________________, the registered holder hereof is entitled for each Warrant represented hereby to purchase one fully paid and non-assessable common share ("Common Share") in the capital of AirIQ Inc. (the "Corporation") at a price per share equal to Cdn$0.60, subject to adjustment as hereinafter referred to.

Such right to purchase may be exercised by the registered holder hereof at any time on the date of issue hereof up to and including 5:00 p.m. (Toronto time) on December 17, 2005 (the “Time of Expiry”) by surrender of this Warrant Certificate to Pacific Corporate Trust Company (the “Warrant Agent”) at the transfer offices of the Warrant Agent in Vancouver, British Columbia or Toronto, Ontario, together with the subscription form attached hereto duly executed and completed for the number of Common Shares which the holder hereof is entitled to purchase and the purchase price of such Common Shares as herein provided unless the holder elects to receive Common Shares pursuant to Section 2.9 of the Indenture (as defined below), in which case no such purchase price is payable.

This Warrant and such payment shall be deemed not to have been surrendered and made except upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at one of the offices specified above.

The purchase price of Common Shares subscribed for hereunder shall be paid by certified cheque, money order or bank draft payable to the order of the Corporation or the Warrant Agent at par in the city where this Warrant Certificate is delivered.

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the subscription form at their respective addresses specified therein or, if so specified in such subscription form, delivered to such persons at the office where the applicable Warrant was surrendered, when the transfer registers of the Corporation have been open, three Business Days after the due surrender of such Warrant and payment as aforesaid. In the event of a purchase of a number of Common Shares fewer than the number which can be purchased pursuant to this Warrant, the holder shall be entitled to receive without charge a new Warrant in respect of the balance of such shares.

This Warrant Certificate and other Warrant Certificates are issued under and pursuant to a certain warrant indenture (herein referred to as the “Indenture”) dated as of December 17, 2003 between the Corporation and the Warrant Agent, to which Indenture and any instruments supplemental thereto reference is hereby made for a description of the terms and conditions upon which such Warrant Certificates are issued and are to be held all to the same effect as if the provisions of the Indenture and all instruments supplemental thereto were herein set forth, to all of which provisions the holder of this Warrant Certificate by acceptance hereof assents. The Corporation will furnish to the holder of this Warrant Certificate, upon request and without charge, a copy of the Indenture.

Subject to the Corporation’s right to purchase the Warrants under the Indenture and to any restriction under applicable law or policy of any applicable regulatory body, the Warrants and Warrants Certificates and the rights thereunder shall only be transferable by the registered holder hereof in compliance with the conditions prescribed in the Indenture and the due completion, execution and delivery of a transfer form (as attached hereto) in accordance with the terms of the Indenture.

The holding of this Warrant shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right of interest in respect thereof.

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

The Indenture contains provisions making binding upon all holders of Warrant Certificates outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions by the Warrantholders entitled to purchase a specified majority of the Common Shares which may be purchased pursuant to all then outstanding Warrants.

The holder of this Warrant Certificate may at any time up to and including the Time of Expiry upon the surrender hereof to the Warrant Agent at its principal transfer office in Vancouver, British Columbia, and payment of any charges provided for in the Indenture, exchange this Warrant Certificate for other Warrant Certificates entitling the holder to subscribe in the aggregate for the same number of Common Shares as is expressed in this Warrant Certificate.

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

Nothing contained herein or in the Indenture shall confer any right upon the holder hereof or any other person to subscribe for or purchase any shares of the Corporation at any time subsequent to the Time of Expiry. After the Time of Expiry this Warrant Certificate and all rights thereunder shall be void and of no value.

Time is of the essence hereof.

IN WITNESS WHEREOF this Warrant Certificate has been executed on behalf of AirIQ Inc. as of the 17th day of December, 2003.

AIRIQ INC.

By: ____________________________________

Countersigned:

PACIFIC CORPORATE TRUST COMPANY

Dated: _________________________ By: ____________________________________

Section 12.2 Subscription Form

The following is the form of subscription:

SUBSCRIPTION FORM

TO: AIRIQ INC.

The undersigned registered holder of the within Warrant Certificate, subject to that certain warrant indenture (the "Indenture") dated as of December 17, 2003 between AirIQ Inc. and Pacific Corporate Trust Company, as Warrant Agent, hereby:

(a) subscribes for ________ Common Shares ("Common Shares") (or such number of Common Shares or other securities or property to which such subscription entitles the undersigned in lieu thereof or in addition thereto under the Indenture) of AirIQ Inc. at the price per share in Canadian funds equal to $0.60 (or such adjusted price which may be in effect under the provisions of the Indenture) and (i) in payment of the exercise price encloses a certified cheque, money order or bank draft, in any case in lawful money of Canada payable to the order of AirIQ Inc. or Pacific Corporate Trust Company or (ii) if applicable, elects to receive Common Shares pursuant to Section 2.9 of the Indenture; and

(b) delivers herewith the above-mentioned Warrant Certificate entitling the undersigned to subscribe for the above-mentioned number of Common Shares.

The undersigned hereby directs that the said Common Shares be registered as follows:

Name(s) in full	Address(es) (including Postal Code)	Number(s) of Common Shares

The undersigned hereby certifies that the undersigned is not a U.S. Person or a person in the United States, and is not acquiring any of the Common Shares issuable upon the exercise of the Warrants for the account or benefit of a U.S. Person or a person in the United States, and none of the persons listed above is a U.S. Person or a person in the United States. For purposes hereof "United States" and U.S. Person" shall have the meanings given to such terms in Regulation S under United States Securities Act of 1933, as amended.

DATED this ____ day of _________, 200__.

____
(Signature of Subscriber)

____
(Print Name of Subscriber)*

____

____

____

(Address of Subscriber in full)

(*The name of the signatory must correspond with the name upon the face of the certificate in every particular and the Corporation reserves the right to require reasonable assurance that such signature is genuine and effective.)

The certificates will be mailed by registered mail to the address appearing in this Subscription Form.

Section 12.3 Form of Transfer

The following is the form of transfer:

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned hereby sells, transfers and assigns to ______________________________ Warrants represented by the within Warrant Certificate and appoints the Warrant Agent attorney to transfer the said Warrants on the books of the within-named corporation with full power of substitution in the premises.

DATED _______________________, _____.

In the presence of:

Signature of Warrantholder guaranteed by:

_______________________________________ _______________________________________
(Signature of Registered Holder)

____
(Name of Registered Holder)

NOTICE: ***The signature of this assignment must correspond with the name as written upon the face of this Certificate (or, in the case of a corporate holder, by a duly authorized representative) in every particular without alteration or enlargement or any change whatsoever. The transferor must pay to the Warrant Agent all exigible taxes.***

All endorsements or assignments of these Warrants must be signature guaranteed by a Canadian chartered bank or trust company or by a medallion signature guarantee from a member of a recognized signature medallion guarantee program.

ARTICLE 13
GENERAL

Section 13.1 Notice to the Corporation, the Warrant Agent and the Agents

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation and to the Warrant Agent shall be in writing and may be given by mail or by telecopy (with original copy to follow by mail) or by personal delivery and shall be addressed as follows:

to the Corporation at:

AirIQ Inc.
Suite 233, 1099 Kingston Road
Pickering, Ontario L1V 1B5

Attention: Chief Financial Officer
Facsimile: 905-831-0567

with a copy to:

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Box 25, Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1A9

Attention: Frank Arnone
Facsimile: 416-863-2653

to the Warrant Agent at:

Pacific Corporate Trust Company
625 Howe Street 10th Floor
Vancouver, British Columbia V6C 3B8

Attention: Corporate Trust Department
Facsimile: 604-689-8144

to the Agents at:

National Bank Financial Inc.
The Exchange Tower
130 King Street West
Suite 3200
P.O. Box 21
Toronto, Ontario M5L 1J9

Attention: Brian Campbell

Facsimile: 416-869-6411

- and to -

GMP Securities Ltd.
145 King Street West
Suite 1100
Toronto, Ontario M5H 1J8

Attention: Daniel Bruno
Facsimile: 416-943-6134

and shall be deemed to have been given, if delivered, on the date of delivery or, if mailed, on the fifth Business Day following the date of the postmark on such notice or, if telecopied, on the Business Day following telecopier transmission.

(2) The Corporation or the Warrant Agent, as the case may be, may from time to time give notice in the manner provided in subsection 13.1(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 of the Corporation given pursuant to this subsection 13.1(2) shall be sent to the Principal Office of the Warrant Agent and shall be available for inspection 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, such 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 such party at the appropriate address provided in subsection 13.1(1) by telecopy or other means of prepaid, transmitted, recorded communication and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to such officer or if delivered by telecopy or other means of prepaid, transmitted, recorded communication, on the first Business Day following the date of the sending of such notice by the Person giving such notice.

Section 13.2 Notice to the Warrantholders

(1) Unless herein otherwise expressly provided, a notice to be given hereunder to Warrantholders will be deemed to be validly given if the notice is sent by mail, postage prepaid, addressed to the Warrantholders at their respective addresses appearing on any of the registers of Warrantholders described in Section 3.6. Any notice so mailed shall be deemed to have been received on the fifth Business Day following the date of the postmark on such notice. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate any action or proceeding founded thereon.

(2) 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 of and any other persons (if any) interested in such warrants.

(3) If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Warrantholders would be unlikely to reach its destination in the ordinary course of mail, such notice shall be valid and effective only if published once (i) in the national edition of The Globe and Mail; and (ii) in such other place or places and manner, if any, as the Warrant Agent may require. Any notice given to Warrantholders by publication shall be deemed to have been given on the last day on which publication shall have been effected.

Section 13.3 Time of the Essence

Time shall be of the essence in this Indenture.

Section 13.4 Counterparts and Formal Date

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to be dated as of December **[17]**, 2003.

Section 13.5 Satisfaction and Discharge of Indenture

Upon the earlier of (a) the date by which there shall have been delivered to the Warrant Agent for exercise or destruction all Warrant Certificates theretofore certified hereunder or (b) the expiration of the Exercise Period, this Indenture, except to the extent that Common Shares and certificates therefor have not been issued and delivered hereunder or the Warrant Agent or the Corporation have not performed any of their obligations hereunder, shall cease to be of further effect and the Warrant Agent, on 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 fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging of this Indenture.

Section 13.6 Provisions of Indenture and Warrant Certificates for the Sole Benefit of Parties and Warrantholders

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

Section 13.7 Shares or Warrants Owned by the Corporation or its Subsidiaries - Certificates to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation or any other Affiliate of the Corporation in Section 9.16, the Corporation shall provide to the Warrant Agent, upon request, a certificate of the Corporation setting forth as at the date of such certificate:

(a) the names (other than the name of the Corporation) of the registered holders of Common Shares which, to the knowledge of the Corporation, are owned by or held for the account of the Corporation or any Subsidiary of the Corporation or any other Affiliate of the Corporation; and

(b) the number of Warrants owned legally and beneficially by the Corporation or any Subsidiary of the Corporation or any other Affiliate of the Corporation;

and the Warrant Agent in making the determination in Section 9.16 shall be entitled to rely on such certificate.

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

AIRIQ INC.

By: “Mark Kohler”

PACIFIC CORPORATE TRUST COMPANY

By: “Marc Castonguay”

By: “Norm Hamade”