
NOTE INDENTURE

made as of May 5, 2011

Between

ALANGE ENERGY CORP.

as issuer

and

EQUITY FINANCIAL TRUST COMPANY

as trustee

Relating to the issuance of

9.0% SENIOR A NOTES

Due May 5, 2014

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NOTE INDENTURE

THIS INDENTURE is made as of May 5, 2011,

BETWEEN:

ALANGE ENERGY CORP.

a corporation existing under the laws of British Columbia
(the "**Corporation**")

EQUITY FINANCIAL TRUST COMPANY

a trust company existing under the laws of Canada
(the "**Trustee**")

RECITALS

The Corporation is authorized and wishes to create and issue Notes in the manner provided in this Indenture.

All necessary resolutions of the Directors have been duly passed and other proceedings taken and conditions complied with to make this Indenture valid and binding on the Corporation.

The foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee.

NOW THEREFORE THIS NOTE INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture and in the Notes, unless there is something in the subject matter or context inconsistent therewith, the following expressions have the following meanings:

"**Additional Notes**" has the meaning ascribed to such term in Section 2.13.

"**Affiliate**" means, in relation to any Person, an "affiliate" of such Person within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

"**Agent**" means GMP Securities L.P.

"**Alange Corp. Panama**" means Alange, Corp., a direct wholly-owned Subsidiary of the Corporation, incorporated under the laws of Panama, which as at the date hereof holds a 100% interest in Alange Energy Colombian Branch.

"Alange Energy Colombian Branch" means Alange Energy Corp. Sucursal Colombia, a direct wholly-owned branch of Alange Corp. Panama, organized under the laws of Colombia, which as at the date hereof holds, among other things, a 25% interest in the C Block.

"Applicable Law" means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation.

"Authorized Investments" means direct obligations of the Government of Canada or a Province of Canada or the Government of the United States, or obligations guaranteed or insured by the Government of Canada or a Province of Canada or the Government of the United States, provided that such obligations mature within one year from the date of acquisition thereof.

"BEO Participants" means institutions that participate directly or indirectly in the Depository's book entry registration system for Notes.

"Board" means the board of directors of the Corporation.

"Book Entry Only Notes" means Notes that are to be held only by or on behalf of the Depository.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day when banking institutions in Toronto, Ontario or Bogota, Colombia are authorized or obligated by law or regulation to close.

"C Block" means all property, assets and undertaking comprising Block C of the Cubiro Block located near Llanos Basin of Colombia, as described in Part I of **Schedule A – Cubiro Block Assets**.

"C Block Assets" means, collectively:

- (a) all of the property, assets and undertaking which the Corporation and each Subsidiary of the Corporation now owns or has or hereafter acquires of or relating to the C Block;
- (b) all substitutions and replacements of and increases and additions to the property, assets and undertaking described in paragraph (a); and
- (c) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in paragraphs (a) and (b) including the proceeds of such proceeds.

"Calculation Date" has the meaning ascribed to such term in Section 2.8.

"**Capital Lease**" means, with respect to a Person, a lease or other arrangement in respect of real or personal property that is required to be classified and accounted for as a capital lease on a balance sheet of the Person in accordance with GAAP.

"**Capital Lease Obligation**" means, with respect to a Person, the obligation of the Person to pay rent or other amounts under a Capital Lease.

"**CDS**" means the Canadian Depository for Securities Limited and its successors.

"**Certified Resolution**" means a copy of a resolution certified by a senior officer of the Corporation to have been duly passed by the Directors and to be in full force and effect on the date of such certification.

"**Change of Control**" means the occurrence of any of the following events:

- (a) there is a report filed with any securities commission or securities regulatory authority in Canada, disclosing that any offeror (as the term "offeror" is defined in section 1.1 of Multilateral Instrument 62-104 - *Takeover Bids and Issuer Bids* ("**Multilateral Instrument 62-104**"), other than the Corporation, any Subsidiary of the Corporation or any employee benefit plan of either the Corporation or any Subsidiary of the Corporation, has acquired beneficial ownership (within the meaning of the *Securities Act* and Multilateral Instrument 62-104) of, or the power to exercise control or direction over, any voting or equity shares of the Corporation, that together with the offeror's securities (as the term "offeror's securities" is defined in section 1.1 of Multilateral Instrument 62-104 in relation to the voting and equity shares of the Corporation) would constitute Voting Shares of the Corporation representing more than 50% of the total voting power attached to all Voting Shares of the Corporation then outstanding;
- (b) there is consummated any amalgamation, consolidation, statutory arrangement (involving a business combination) or merger of the Corporation (1) in which the Corporation is not the continuing or surviving corporation or (2) pursuant to which any Voting Shares of the Corporation would be reclassified, changed or converted into or exchanged for cash, Securities or other property, other than (in each case) an amalgamation, consolidation, statutory arrangement or merger of the Corporation in which the holders of the Voting Shares of the Corporation immediately prior to the amalgamation, consolidation, statutory arrangement or merger have, directly or indirectly, more than 50% of the Voting Shares of the continuing or surviving corporation immediately after such transaction; or
- (c) there is any event as a result of which more than 50% of the members of the Board are Change of Control Persons; and for this purpose "**Change of Control Person**" means a person who was not a director of the Corporation as at the date hereof or, in respect of any director elected or appointed after the date hereof, was not elected or appointed a director of the Corporation by, or was not a management nominee for election as a director of the Corporation in a management proxy circular approved by, a resolution passed by more than 50%

of the number of directors of the Corporation elected at, or proposed to be elected in the management proxy circular relating to, the last annual meeting of the shareholders of the Corporation preceding such person's election or appointment as a director; and **"Change of Control Persons"** means any number of persons each of whom is a Change of Control Person.

"Change of Control Notice" has the meaning ascribed to such term in Section 6.2(a).

"Change of Control Purchase Date" has the meaning ascribed to such term in Section 6.1.

"Change of Control Purchase Notice" has the meaning ascribed to such term in Section 6.3.

"Change of Control Purchase Price" has the meaning ascribed to such term in Section 6.1.

"Closing Date" means May 5, 2011 or such other date as agreed to between the Corporation and the Agent.

"Concession Agreement" means each Concession Agreement to which the Corporation or any Subsidiary of the Corporation is a party in existence on the date hereof relating to the C Block Assets, as described in Part II of **Schedule A – Cubiro Block Assets**, and each Concession Agreement entered into by the Corporation or any Subsidiary of the Corporation from and after the date hereof relating to the C Block Assets.

"Contingent Liabilities" means, with respect to a Person, any agreement, undertaking or arrangement by which the Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the obligation, debt or other liability of any other Person (other than by endorsements of instruments in the course of collection) or guarantees the payment of dividends or other distributions upon the shares of any Person. The amount of any contingent liability will, subject to any limitation contained therein, be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the obligation, debt or other liability to which the contingent liability is related.

"Corporate Trust Office" means any of the principal trust offices of the Trustee at which, at any particular time, its corporate trust business relative to this Indenture is administered. At the date hereof, the Corporate Trust Offices of the Trustee are located at 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1.

"Corporation" means Alange Energy Corp., a corporation organized under the laws of British Columbia, and its successors and assigns.

"Corporation Counsel" means, at any time, legal counsel retained by the Corporation.

"Corporation's Auditors" means, at any time, a firm of chartered accountants duly appointed as auditors of the Corporation.

"Debt Account" has the meaning ascribed to such term in Section 11.2.

"deemed year" has the meaning ascribed to such term in Section 2.8.

"Defeasance Option" has the meaning ascribed to that term in Section 11.5.

"Deferred Purchase Price Obligation" means, with respect to a Person, an obligation issued, incurred or assumed by the Person in connection with the acquisition by the Person of an asset in respect of the deferred purchase price of the asset.

"Depository" means CDS or such other Person as is designated in writing by the Corporation to act as depository in respect of the Notes.

"Directors" means the directors of the Corporation or, whenever duly empowered by a resolution of the directors of the Corporation in accordance with Applicable Law, a committee of the directors of the Corporation, and reference to action by the Directors means action by the directors of the Corporation or action by any such committee.

"Environmental Laws" means all federal, provincial, state, municipal, country, local and other laws, statutes, codes, ordinances, by-laws, rules, regulations, policies, guidelines, certificates, approvals, permits, consents, directions, standards, judgments, orders and other authorizations, as well as common law, civil and other jurisprudence or authority, in each case domestic or foreign, having the force of law at any time relating in whole or in part to any Environmental Matters and any permit, order, directions, certificate, approval, consent, registration, licence or other authorization of any kind held or required to be held in connection with any Environmental Matters.

"Environmental Matters" means (a) condition or substance, heat, energy, sound, vibration, radiation or odour that may affect any component of the earth and its surrounding atmosphere or affect human health or any plant, animal or other living organism; and (b) any waste, toxic substance, contaminant or dangerous good or the deposit, release or discharge of any thereof into any component of the earth and its surrounding atmosphere.

"Event of Default" has the meaning ascribed to such term in Section 10.1.

"Extraordinary Resolution" has the meaning ascribed to such term in Section 12.13.

"Financial Instrument Obligations" means, with respect to any Person, obligations arising under:

- (a) interest rate swap agreements, forward rate agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is interest rates or the price, value or amount payable thereunder is dependent or based upon interest rates or fluctuations in interest rates in effect from time to time (but excluding conventional floating rate indebtedness);
- (b) currency swap agreements, cross-currency agreements, forward agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements

or arrangements, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates in effect from time to time; and

- (c) any agreement for the making or taking of any commodity swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreement or arrangement, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is any commodity or the price, value or amount payable thereunder is dependent or based upon the price or fluctuations in the price of any commodity;

or any other similar transaction, including any option to enter into any of the foregoing, or any combination of the foregoing, in each case to the extent of the net amount due or accruing due by the Person under the obligations determined by marking the obligations to market in accordance with their terms.

"**GAAP**" means, as at any date of determination, accounting principles generally accepted as at such date in the jurisdiction in which the applicable Persons are reported (which as at the date of this Indenture is Canada for the Corporation).

"**Global Note**" means a Note issued in the name of the Depository representing all or a portion of the aggregate principal amount of the Notes in the form of **Schedule 1 - Form of Definitive Note** hereto.

"**Governmental Authority**" means, when used with respect to any Person, any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board, instrumentality, court, arbitration board or arbitrator or other law, regulation or rule-making entity having or purporting to have jurisdiction on behalf of, or pursuant to the laws of, Canada or any other country in which such Person is incorporated, continued, amalgamated, merged or otherwise created or established or in which such Person has an undertaking, contractual obligation, carries on business or holds property, or any province, territory, state, municipality, district or political subdivision of any such country or of any such province, territory or state of such country.

"**Guarantee**" has the meaning ascribed thereto in paragraph (c) of the definition of "Security Documents".

"**includes**" or "**including**" means "includes without limitation" or "including without limitation", as the case may be.

"**Indebtedness**" means, with respect to a Person, without duplication:

- (a) all the Person's present and future indebtedness, liabilities and obligations of every nature and kind whatsoever, whether absolute or contingent, material or not, known or unknown, direct or indirect, including indebtedness created, incurred, assumed or guaranteed by such Person, all indebtedness for borrowed money,

borrowings of commodities, obligations with respect to bankers' acceptances and contingent reimbursement obligations relating to letters of credit, letters of guarantee and other instruments, and all liabilities which in accordance with GAAP would appear on the liability side of a balance sheet of such Person prepared as at such time;

- (b) all Financial Instrument Obligations of the Person;
- (c) all Deferred Purchase Price Obligations of the Person;
- (d) all Capital Lease Obligations and Purchase Money Obligations of the Person; and
- (e) all Contingent Liabilities of the Person with respect to obligations of another Person.

"Indenture Documents" means this Indenture, any Supplemental Indenture, the Security Documents, the Notes and any ancillary documents executed by the Corporation or any Subsidiary of the Corporation in connection therewith.

"Interest Payment Date" means a date on which interest is due and payable in accordance with the terms of the Notes.

"Investment" means any investment, in cash or by delivery of property, made directly or indirectly in any Person whether by acquisition of securities, indebtedness or other obligations or by loan, advance, capital expenditures, capital contribution, granting of financial assistance or otherwise.

"Jagalan Corp. Panama" means Jagalan S.A., a direct wholly-owned Subsidiary of Alange Corp. Panama, incorporated under the laws of Panama.

"Jaguar Colombian Branch" means Jaguar Sucursal Colombia, a direct wholly-owned branch of Jaguar Corp. Panama, organized under the laws of Colombia, which as at the date hereof holds, among other things, a 32.13% interest in the C Block.

"Jaguar Corp. Panama" means Jaguar E&P CPR Consultants, S.A., a direct wholly-owned Subsidiary of Alange Corp. Panama, incorporated under the laws of Panama, which as at the date hereof holds a 100% interest in Jaguar Colombian Branch.

"Lien" means any mortgage, charge, security interest, pledge, lien (statutory or otherwise), hypothec, tax lien, statutory lien, trust or deemed trust, adverse claim, construction lien, materialman's lien or charge or encumbrance of any kind whatsoever (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

"Maturity Date" means, with respect to a Note, the date on which the principal of such Note becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise.

"Mandatory Redemption Date" has the meaning ascribed to such term in Section 7.1.

"Mandatory Redemption Notice" has the meaning ascribed to such term in Section 7.2(a).

"Mandatory Redemption Price" means an amount calculated in accordance with Section 7.1.

"Note Indebtedness" means all present and future debts, liabilities and obligations of the Corporation to the Noteholders under and in connection with this Indenture, any Supplemental Indenture, the Notes and the Security Documents, including all principal money owing on the Notes, the Premium, if any, interest (including interest on overdue principal, Premium, if any, and interest) and all fees paid and other money from time to time owing pursuant to the terms of this Indenture, the Notes and the Security Documents.

"Noteholder" or **"Holder"** means, at a particular time, a Person entered in the Register as a holder of one or more Notes outstanding at such time.

"Noteholders' Request" means an instrument signed in one or more counterparts by Noteholders holding not less than 25% of the aggregate principal amount of the outstanding Notes requesting or directing the Trustee to take or refrain from taking the action or proceeding specified therein.

"Notes" means the secured notes of the Corporation issued or to be issued pursuant to this Indenture, including Additional Notes issued in accordance with Section 2.13.

"Obligations" means, without duplication, with respect to a Person, all items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of the Person and all Contingent Liabilities of the Person.

"Officer's Certificate" means a certificate of the Corporation signed by one officer of the Corporation in his or her capacity as such officer and not in his or her personal capacity.

"Ordinary Resolution" has the meaning ascribed to such term in Section 12.12.

"Paying Agent" means a Person authorized by the Corporation to pay the principal amount, Premium, if any, or interest payable in respect of any Notes on behalf of the Corporation, and may include the Trustee.

"Permitted Encumbrances" means:

- (a) Liens for taxes, assessments or governmental charges or claims either (i) not delinquent or (ii) contested in good faith by appropriate proceedings and as to which the Corporation or any Subsidiary of the Corporation shall have set aside on its books such reserves as may be required pursuant to GAAP;
- (b) any interest or title of a lessor under any Capital Lease Obligations of the Corporation or of any Subsidiary of the Corporation; *provided, however*, that such Liens do not extend to any property or asset which is not leased property subject to such Capital Lease Obligation;

- (c) Liens (other than Liens in respect of the C Block Assets) securing the Permitted Indebtedness referred to in paragraphs (a) and (b) of that definition;
- (d) Liens in respect Purchase Money Obligations of the Corporation; and
- (e) Liens over cash deposits or similar cash equivalent Investments securing Indebtedness which is Permitted Indebtedness in accordance with clause (f) of the definition of Permitted Indebtedness.;
- (f) any Lien or deposit under workers' compensation, social security or similar legislation or in connection with bids, tenders, leases, contracts or expropriation proceedings or to secure public or statutory obligations, surety and appeal bonds or costs of litigation where required by law;
- (g) any Lien or privilege imposed by law such as builders', mechanics', material-man's, carriers', warehousemen's and landlords' liens and privileges or any security interest or privilege arising out of judgments or awards with respect to which, at the time an appeal or proceedings for review is being prosecuted and with respect to which it has secured a stay of execution pending such appeal or proceedings for review or collateral has been deposited; or any security interest for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested at the time in good faith; or any undetermined or inchoate security interest or privilege incidental to current operations that has not been filed pursuant to law against the Corporation or a Subsidiary of the Corporation or that relates to obligations not due or delinquent; or the deposit of cash or securities in connection with any security interest or privilege referred to in this paragraph (g);
- (h) any right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit held or acquired by the Corporation or a Subsidiary of the Corporation, or by any statutory provision, to terminate the lease, licence, franchise, grant or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (i) any Lien or right of distress reserved in or exercisable under any lease for rent to which a the Corporation or any Subsidiary is a party and for compliance with the terms of the lease;
- (j) any Lien created or assumed by the Corporation or a Subsidiary in favour of a Governmental Authority when required by the utility, municipality or other authority in connection with the operations of the Corporation or such Subsidiary;
- (k) any reservations, limitations, provisos and conditions expressed in original or subsequent grants from any Governmental Authority; and
- (l) any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for

sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning, restrictive covenants, by-laws or other restrictions applicable to the Corporation's or a Subsidiary of the Corporation's use of real property, that do not in the aggregate materially detract from the value of the property or materially impair its use in the operation of the business of the Corporation or such Subsidiary.

"Permitted Indebtedness" means, without duplication:

- (a) the Note Indebtedness;
- (b) Indebtedness of the Corporation or any Subsidiary of the Corporation outstanding as of the Closing Date and for purposes of this provision, the bank Indebtedness of the Corporation and its Subsidiaries is detailed in **Schedule B - Bank Indebtedness**;
- (c) all Capital Lease Obligations and Purchase Money Obligations of the Corporation or of any Subsidiary of the Corporation;
- (d) Obligations in respect of performance and surety bonds and completion guarantees provided by the Corporation or any Subsidiary of the Corporation in the ordinary course of business;
- (e) Obligations of the Corporation or any Subsidiary in respect of off-take or long-term purchase agreements with third parties in respect of commodities from or used in connection with the C Block on reasonable commercial terms as if negotiated by Persons dealing at arm's length (within the meaning of the *Income Tax Act* (Canada));
- (f) Financial Instrument Obligations of the Corporation or a Subsidiary where the aggregate net amount, if any, which (as of the date of any determination of the amount thereof) would be payable by the Corporation and such Subsidiary under all agreements evidencing such Financial Instrument Obligations in settlement of obligations arising thereunder as a result of an early termination of all such Financial Instrument Obligations (determined by marking the obligations to market in accordance with their terms), together with all interest, fees and other amounts payable thereon or in connection therewith, does not exceed at any time the principal amount of the Indebtedness to which the Financial Instrument Obligations relates;
- (g) any back to back loans, being Indebtedness of the Corporation or any Subsidiary of the Corporation to a financial institution incurred after the Closing Date which is fully offset by an investment held by the Corporation or such Subsidiary at the same financial institution and in an amount equivalent to such Indebtedness;
- (h) Obligations or amounts owed by the Corporation or any Subsidiary to trade creditors, suppliers and service providers and accruals in relation thereto in the

ordinary course of business, in each case due and payable or outstanding for less than one year;

- (i) factored accounts payable by the Corporation or any Subsidiary of the Corporation on usual commercial terms;
- (j) so long as no Event of Default has occurred and is continuing, Indebtedness incurred in connection with any Investment made by the Corporation or any Subsidiary of the Corporation in additional oil production and reserves; and
- (k) so long as no Event of Default has occurred and is continuing, additional Indebtedness of the Corporation or any of its Subsidiaries in an aggregate principal amount not to exceed U.S.\$15,000,000 at any one time outstanding, which amount shall be increased by the amount of any amounts paid by the Corporation to redeem the Notes in accordance with ARTICLE 7.

"Person" means an individual, corporation, body corporate, limited partnership, general partnership, joint stock company, association, joint venture, association, company, trust, bank, fund, Governmental Authority or other entity or organization, whether or not recognized as a legal entity.

"Premium" means, with respect to a Note at a particular time, the excess, if any, of the then applicable redemption price of such Note over the then-outstanding principal amount of such Note.

"Privacy Laws" has the meaning ascribed to such term in Section 14.25.

"Purchase Money Obligation" means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any asset for the Person, other than shares, bonds and other Securities, or constructing, installing, improving or expanding any real property or fixtures of the Person, provided that the indebtedness is issued, incurred or assumed within 12 months after such acquisition, construction, installation, improvement or expansion, and includes any extension, renewal or refunding of any such indebtedness so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased.

"Record Date" means the date for determining the Holders of Notes entitled to receive payment of interest on an Interest Payment Date, which date shall be the tenth Business Day prior to such Interest Payment Date or such other date as shall be specified in a Certified Resolution delivered to the Trustee.

"Register" has the meaning ascribed to such term in Section 3.1.

"Registrar" has the meaning ascribed to such term in Section 3.1.

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

"Restricted Subsidiaries" means:

- (a) Alange Corp. Panama (which, for greater certainty, includes Alange Energy Colombian Branch), Jagalan Corp. Panama and Jaguar Corp. Panama (which, for greater certainty, includes Jaguar Colombian Branch); and
- (b) any other Subsidiary of the Corporation or any Subsidiary of such Subsidiary which owns, controls or acquires any property, assets or undertaking of any nature or kind that constitutes or represents any entitlement or interest, direct or indirect, in or to any of the C Block Assets;

and each of their respective successors and permitted assigns;

"Rule 144" means Rule 144 promulgated under the U.S. Securities Act.

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

"Rule 903" means Rule 903 of Regulation S.

"Rule 904" means Rule 904 of Regulation S.

"Securities" means stocks, shares (including, for greater certainty, preferred shares), units, instalment receipts, voting trust certificates, bonds, notes, other evidences of indebtedness, or other documents or instruments commonly known as securities or any certificates of interest, shares or participations in temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe for, purchase or acquire any of the foregoing.

"Securities Act" means the *Securities Act* (Ontario).

"Security Documents" means the security documents granting security in favour of the Trustee for the benefit of the Noteholders delivered pursuant to ARTICLE 15 of this Indenture, which, as at the Closing Date, shall include the following:

- (a) a general security agreement, substantially in the form of the general security agreement attached as **Schedule C - Form of General Security Agreement**, in favour of the Trustee made by the Corporation;
- (b) a share pledge, substantially in the form of the share pledge attached as **Schedule D - Form of Share Pledge**, in favour of the Trustee made by the Corporation in respect of all of its shares of Alange Corp. Panama;
- (c) a guarantee, substantially in the form of the guarantee attached as **Schedule E - Form of Guarantee ("Guarantee")**, in favour of the Trustee made by each of the following:
 - (i) Alange Corp. Panama;
 - (ii) Jagalan Corp. Panama; and

- (iii) Jaguar Corp. Panama;
- (d) a general pledge of assets, substantially in the form of the general pledge of assets attached as **Schedule F - Form of General Pledge of Assets**, in favour of the Trustee made by each of the following:
 - (i) Alange Corp. Panama;
 - (ii) Jagalan Corp. Panama; and
 - (iii) Jaguar Corp. Panama;
- (e) a share pledge agreement, substantially in the form of the share pledge attached as **Schedule D - Form of Share Pledge Agreement**, in favour of the Trustee made by Alange Corp. Panama in respect of all of its shares of each of the following:
 - (i) Jagalan Corp. Panama; and
 - (ii) Jaguar Corp. Panama;
- (f) a trust ("fiducia mercantil de administración y pago") of cash flows, in such form as shall be agreed by the Corporation, the Trustee and the Agent, to be completed no later than 10 Business Days after the Closing Date, made in favour of a trustee in Colombia by each of the following:
 - (i) Alange Energy Colombian Branch, which shall be limited in recourse to revenues realized by Alange Energy Colombian Branch of or relating to the C Block Assets; and
 - (ii) Jaguar Colombian Branch, which shall be limited in recourse to revenues realized by Jaguar Colombian Branch of or relating to the C Block Assets;

and the irrevocable direction ancillary thereto; and
- (g) a pledge of economic rights under concession agreements, substantially in the form of the general security agreement attached as **Schedule G - Form of Pledge of Economic Rights under Concession Agreements**, made in favour of the Trustee by each of the following Subsidiaries of the Corporation:
 - (i) Alange Energy Colombian Branch, which shall be limited in recourse to rights realized by Alange Energy Colombian Branch of or relating to the C Block Assets; and
 - (ii) Jaguar Colombian Branch, which shall be limited in recourse to rights realized by Jaguar Colombian Branch of or relating to the C Block Assets.

"Security Interest" means any security interest, assignment by way of security, mortgage, charge (whether fixed or floating), hypothec, pledge, lien or other encumbrance on or interest in property or assets that secures the payment of the Note Indebtedness.

"Stated Maturity" or **"Stated Maturity Date"** means the date fixed and specified in a Note as the date on which the principal of such Note is due and payable.

"Subsidiary" means, in relation to any Person, and "subsidiary" of such Person within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

"Supplemental Indenture" means an indenture supplemental to this Indenture pursuant to which, among other things, the provisions of this Indenture may be amended.

"Trustee" means the Person named as the **"Trustee"** in this Indenture, until a successor of such Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter **"Trustee"** shall refer instead to such successor Trustee.

"Trustee Counsel" means, at any time, legal counsel retained by the Trustee, which may not be counsel to the Corporation.

"TSXV " means the TSX Venture Exchange.

"United States" means United States as defined in Rule 902(l) under Regulation S.

"U.S. Note" means a Note issued to U.S. Purchasers in the form of **Schedule 2 - U.S. Note** hereto bearing the U.S. Private Placement Legend.

"U.S. Person" means a U.S. person as defined in Rule 902(k) under Regulation S.

"U.S. Private Placement Legend" means the legend set forth in Section 3.11(b), which is required to be placed on all U.S. Notes issued under this Indenture.

"U.S. Purchasers" means any purchaser of Notes that is (a) a **"U.S. Person"**, (b) any Person who purchased Notes on behalf, or for the benefit or account, of any **"U.S. Person"** or any Person in the United States, (c) any Person that receives or received an offer of the Notes while in the United States, or (d) any Person that is in the United States at the time the subscriber's buy order was made or executed or delivered the U.S. Subscription Agreement.

"U.S. Securities Act" means the United States *Securities Act of 1933*.

"U.S. Subscription Agreement" means the subscription agreement between the Corporation and any U.S. Purchaser under which such U.S. Purchaser purchased Notes.

"Voting Shares" means shares in the capital of a corporation having voting power under ordinary circumstances to vote in the election of directors of the corporation.

1.2 Meaning of "outstanding" for Certain Purposes

Every Note certified and delivered by the Trustee hereunder shall be deemed to be outstanding until it is cancelled or delivered to the Trustee for cancellation or money for the payment thereof has been set aside pursuant to ARTICLE 11, provided that:

- (a) if a new Note has been issued in substitution for a Note that has been mutilated, lost, stolen or destroyed, only the new Note shall be counted for the purpose of determining the aggregate principal amount of Notes outstanding;
- (b) Notes that have been partially redeemed or purchased shall be deemed to be outstanding only to the extent of the unredeemed or unpurchased part of the principal amount thereof; and
- (c) for the purpose of any provision of this Indenture entitling Holders of outstanding Notes to vote, sign consents, requisitions or other instruments or take any other action under this Indenture or to constitute a quorum at any meeting of Noteholders, Notes owned directly or indirectly by the Corporation or any Affiliate of the Corporation shall be disregarded, provided that:
 - (i) for the purpose of determining whether the Trustee shall be protected in acting and relying on any such vote, consent, requisition or other instrument or action or on the Noteholders present or represented at any meeting of Noteholders constituting a quorum, only the Notes which the Trustee knows are so owned shall be so disregarded; and
 - (ii) Notes so owned that have been pledged in good faith other than to the Corporation or an Affiliate of the Corporation shall not be disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote, sign consents, requisitions or other instruments or take such other actions free from the control of the Corporation or any Affiliate of the Corporation.

1.3 Interpretation Not Affected by Headings

The division of this Indenture into Sections and clauses, 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 hereof.

1.4 Extended Meanings

In this Indenture, unless otherwise expressly provided herein or unless the context otherwise requires, words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; references to "**Indenture**", "**this Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Indenture, and not to any particular Section, clause or other portion hereof, and include all Schedules and amendments hereto, modifications or restatements hereof, and any and every Supplemental Indenture; and the expressions "**Section**", "**clause**" and "**Schedule**" followed

by a number, letter, or combination of numbers and letters refer to the specified Section or clause of or Schedule to this Indenture.

1.5 Day Not a Business Day

If any day on which an amount is to be determined or an action is to be taken hereunder at a particular location is not a Business Day at such location, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day at such location.

1.6 Currency

Except as otherwise provided herein, all references in this Indenture to "C.\$" are to lawful money of Canada and all references to "U.S.\$" are to lawful money of the United States.

1.7 Other Currencies

For the purpose of making any computation under this Indenture, any currency not denominated in C.\$ shall be converted into C.\$ at the Bank of Canada noon rate of exchange on the date on which such computation is to be made and for purposes of paragraph (j) of the definition of "**Permitted Indebtedness**" any currency not denominated in U.S.\$ shall be converted into U.S.\$ at the Bank of Canada noon rate of exchange on the date on which such computation is to be made.

1.8 Colombian Branches

Any reference to a Subsidiary of the Corporation shall be deemed to include that Subsidiary's Colombian Branch, except where the context otherwise requires.

1.9 Statutes and Agreements

Each reference in this Indenture to a statute is deemed to be a reference to such statute as amended, re-enacted or replaced from time to time. Each reference in this Indenture to an agreement is deemed to be a reference to such agreement as amended, supplemented, amended and restated or otherwise modified from time to time.

1.10 Invalidity of Provisions

Each provision in this Indenture or in a Note is distinct and severable and a declaration of invalidity or unenforceability of any such provision by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof or thereof.

1.11 Applicable Law

This Indenture and the Notes shall be governed by, and construed in accordance with, the laws of the Province of Ontario without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Province of Ontario.

ARTICLE 2 THE NOTES

2.1 Designation and Issuance of Notes

There is hereby created a series of Notes to be issued pursuant to this Indenture designated as the "9.0% Senior A Notes due May 5, 2014". The Notes shall be issued in C.\$1,000 principal amount denominations or integral multiples thereof, and shall bear interest at 9.0% per annum.

2.2 Description of the Notes

The aggregate principal amount of Notes that may be issued under this Indenture is limited to C.\$31,050,000. The Notes shall be direct secured obligations of the Corporation and will become due and payable, together with all accrued and unpaid interest thereon, on May 5, 2014. The Notes shall be secured by the Security Documents, including a first charge on the C Block Assets, subject to Permitted Encumbrances.

2.3 Form of Notes

The Notes (other than the U.S. Notes) shall initially be in the form attached hereto as **Schedule 1 - Form of Definitive Notes**.

The Notes may be engraved, lithographed, printed, mimeographed or typewritten, or partly in one form and partly in another, as the Corporation may determine, provided that if a Note is issued in mimeographed or typewritten form, the Corporation, on the demand of the Holder thereof, shall make available within a reasonable time after such demand, without expense to such Holder, an engraved, lithographed or printed Note in exchange therefor.

The U.S. Notes shall initially be in the form attached hereto as **Schedule 2 - U.S. Form of Definitive Notes**. Each U.S. Note shall be in fully registered form and shall be issued to the beneficial owners of such Notes or their nominees; provided that in no event shall the U.S. Note be exchanged by the Corporation or the Trustee for Global Notes *unless* (a) such exchange or transfer is effected pursuant to an effective registration statement under the U.S. Securities Act; (b) such exchange or transfer is (i) effected in accordance with Rule 904 of Regulation S and in compliance with applicable local laws and regulations and (ii) the restrictions on transfer contained herein and the U.S. Private Placement Legend are not required in order to maintain compliance with the U.S. Securities Act; (c) such exchange or transfer is (i) being effected pursuant to and in accordance with Rule 144 under the U.S. Securities Act and in compliance with the transfer restrictions contained herein and any applicable securities laws, (ii) the restrictions on transfer contained in this Indenture and the U.S. Private Placement Legend are not required in order to maintain compliance with the U.S. Securities Act, and (iii) the Registrar receives an opinion of counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the U.S. Securities Act; or (d) such exchange or transfer is (i) being effected pursuant to and in compliance with an exemption from the registration requirements of the U.S. Securities Act, other than Rule 144 or Rule 904, and in compliance with the transfer restrictions contained herein and any applicable securities laws, (ii) the restrictions on transfer contained in the Indenture and the U.S. Private Placement Legend are

not required in order to maintain compliance with the U.S. Securities Act and (iii) the Registrar receives an opinion of counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the U.S. Securities Act and that the restrictions on transfer contained herein and in the U.S. Private Placement Legend are no longer required in order to maintain compliance with the U.S. Securities Act.

The Corporation in issuing the Notes may use "CUSIP" and "ISIN" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" and "ISIN" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Corporation shall promptly notify the Trustee of any change in the "CUSIP" or "ISIN" numbers.

2.4 Ranking

The Notes shall be direct secured obligations of the Corporation and rank *pari passu* (equally and rateably) with each other.

2.5 Book Entry Only Notes

The Notes (other than Notes issued to or for the account or benefit of a U.S. Person or person in the United States) shall be issued as Book Entry Only Notes represented by one or more Global Notes. Each Global Note authenticated in accordance with this Indenture shall be registered in the name of the Depository designated for such Global Note or a nominee thereof and delivered to such Depository or a nominee thereof as custodian therefor, and each such Global Note shall constitute a single Note for all purposes of this Indenture. Beneficial interests in the Global Note will not be shown on the Register or the records maintained by the Depository but will be represented through book-entry accounts of BEO Participants on behalf of the beneficial owners of such Global Note. None of the Corporation, the Trustee and any other Paying Agent shall have any responsibility or liability for any aspects of the records relating to or payments made by any Depository or any BEO Participant on account of the beneficial interest in any Global Note. Except as provided in this Section 2.5, owners of beneficial interests in any Global Note shall not be entitled to have Notes registered in their names and shall not receive or be entitled to receive Notes in definitive form.

Notwithstanding any other provision in this Indenture, no Global Note may be exchanged in whole or in part for Notes registered, and no transfer of a Global Note in whole or in part may be registered, in the name of any Person other than the Depository for such Global Note or a nominee thereof unless:

- (a) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the Global Note and the Corporation is unable to locate a qualified successor;

- (b) the Corporation determines that the Depository is no longer willing, able or qualified to discharge properly its responsibilities as Holder of the Global Note and the Corporation is unable to locate a qualified successor;
- (c) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;
- (d) the Corporation determines that the Notes shall no longer be held as Book Entry Only Notes through the Depository;
- (e) the Depository determines to transfer the Global Notes in accordance with Section 3.3(d); or
- (f) such right is required by Applicable Law, as determined by the Corporation and the Corporation Counsel;

following which Notes in fully registered form shall be issued to the beneficial owners of such Notes or their nominees.

Subject to the provisions of this Section 2.5, any exchange of a Global Note for Notes which are not Global Notes may be made in whole or in part in accordance with the provisions of Section 2.9, *mutatis mutandis*. All such Notes issued in exchange for a Global Note or any portion thereof shall be registered in such names as the Depository for such Global Note shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to Global Notes) as the Global Note or portion thereof surrendered upon such exchange.

Every Note authenticated and delivered upon registration of transfer of a Global Note, or in exchange for or in lieu of a Global Note or any portion thereof, whether pursuant to this Section 2.5 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Note, unless such Note is registered in the name of a Person other than the Depository for such Global Note or a nominee thereof.

2.6 Signatures on Notes

All Notes shall be signed (either manually or by facsimile signature) by one of the following officers of the Corporation: the chairman of the Board, the vice-chairman of the Board, the chief executive officer, the president, a vice-president, the chief financial officer or the corporate secretary, or by any one director or officer of the Corporation authorized by resolution of the Board. A facsimile signature on any Note shall for all purposes of this Indenture be deemed to be the signature of the individual whose signature it purports to be and to have been signed at the time such facsimile signature was reproduced, and each Note so signed shall be valid and binding upon the Corporation notwithstanding that the individual whose signature (either manual or facsimile) appears on a Note is not at the date of this Indenture or at the date of the Note or at the date of the certification and delivery thereof an officer of the Corporation.

2.7 Certification

No Note issued shall be obligatory or entitle the Holder thereof to the benefit thereof until a certificate thereon has been signed by or on behalf of the Trustee substantially in the form set out in the form of Note attached as **Schedule 1 - Form of Definitive Notes** or in the case of the U.S. Notes in the form of U.S. Note attached as **Schedule 2 - U.S. Form of Definitive Note** or in some other form acceptable to the Trustee. Such certificate on any Note shall be conclusive evidence that such Note has been duly issued hereunder.

The certificate of the Trustee signed on a Note shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of such Note or its issuance, and the Trustee shall not be liable for the use made of such Note or the proceeds of issuance thereof. The certificate of the Trustee signed on any Note shall, however, be a representation and warranty by the Trustee that such Note has been duly certified by or on behalf of the Trustee pursuant to the provisions of this Indenture and has been validly issued by the Corporation. Notes are only certified by the Trustee upon written order of the Corporation.

2.8 Concerning Interest

Each Note, whether issued originally or in exchange or in substitution for previously issued Notes, shall bear interest from and including the later of (i) its date of issue; and (ii) the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Notes. Interest on the principal amount of each Note shall accrue daily from the date of issue, shall be calculated quarterly in arrears on March 31, June 30, September 30 and December 31 (collectively, the "**Calculation Dates**") of each year and shall be payable, commencing June 30, 2011, on each Interest Payment Date. For greater certainty, in calculating interest under this Indenture or under a Note for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be excluded.

Interest shall be computed on the basis of a year of 365 days or 366 days in a leap year, as the case may be. For the purposes of this Indenture, whenever interest is computed on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing such product by the number of days of the deemed year.

Subject to accrual of any interest on unpaid interest from time to time, interest on each Note shall cease to accrue from the earlier of the Maturity Date of such Note and, if such Note is called for redemption, the Mandatory Redemption Date or Change of Control Purchase Date fixed for such Note, unless, in each case, upon due presentation and surrender of such Note for payment on or after such Maturity Date, Mandatory Redemption Date or Change of Control Purchase Date, as the case may be, such payment is improperly withheld or refused.

Wherever in this Indenture or a Note there is mention, in any context, of the payment of interest, such mention is deemed to include the payment of interest on amounts in default to the extent that, in such context, such interest is, was or would be payable pursuant to this Indenture

or such Note, and express mention of interest on amounts in default in any of the provisions of this Indenture shall not be construed as excluding such interest in those provisions of this Indenture in which such express mention is not made.

If the date for payment of any amount of principal, interest or Premium, if any, in respect of a Note is not a Business Day at the place of payment, then payment shall be made on the next Business Day at such place and the Holder of such Note shall not be entitled to any further interest or other payment in respect of the delay.

As the interest on the Notes comes due in respect of Global Notes (except interest payable at Stated Maturity or on any redemption which shall be paid upon presentation and surrender of such Note for payment), the Corporation, no later than 9:00 a.m. (Toronto time) on the date on which payment of interest on such Note becomes due, shall cause to be wire-transferred to the Trustee's account in Toronto, Ontario (or as may be agreed by the Corporation and the Trustee) an amount equal to such payment of interest (less any tax required to be deducted or withheld).

If at any time the Corporation is not making payments in respect of Global Notes as provided in the immediately preceding paragraph, the Corporation shall pay the interest due upon the principal amount of a Note (except interest payable on Stated Maturity or any redemption of such Note which, at the option of the Corporation, may be paid only upon presentation of such Note for payment) by forwarding or causing to be forwarded by same day delivery at least three Business Days prior to the applicable Interest Payment Date, a cheque for such interest (less any tax required by law to be deducted or withheld) payable on the applicable Interest Payment Date to the Paying Agent to be sent to the Holder of such Note on the Record Date for such payment at the Holder's address appearing on the Register unless otherwise directed in writing by such Holder or, in the case of joint Holders, payable to all such joint Holders and addressed to one of them at the last address appearing in the Register and negotiable at par at each of the places at which interest upon such Note is payable. The forwarding of such cheque shall satisfy and discharge the liability for the interest on such Note to the extent of the sum represented thereby (plus the amount of any tax deducted or withheld) unless such cheque is not paid on presentation at any of the places at which such interest is payable. In the event of the non-receipt of such cheque by the applicable Noteholder or the loss, theft or destruction thereof, the Corporation or the Paying Agent, upon being furnished with evidence of such non-receipt, loss, theft or destruction and indemnity reasonably satisfactory to it, shall issue or cause to be issued to such Noteholder a replacement cheque for the amount of such cheque. Notwithstanding the foregoing, the Corporation, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder by wire transfer to an account maintained by such Noteholder or in any other manner reasonably acceptable to the Trustee.

If payment of interest is made by cheque, such cheque shall be forwarded at least two Business Days prior to the applicable Interest Payment Date, and if payment is made in any other manner, such payment shall be made in a manner whereby the recipient receives credit for such payment on the applicable Interest Payment Date, provided the Trustee and the Paying Agent shall only forward such cheques upon receipt of the full amount of interest being paid in immediately available funds pursuant to Section 9.4.

2.9 Issue of Substitutional Notes

If any Note issued and certified hereunder becomes mutilated or is lost, destroyed or stolen, the Corporation, in its discretion, may issue, and thereupon the Trustee shall certify and deliver, a replacement Note of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Note or in lieu of and in substitution for such lost, destroyed or stolen Note. The substituted Note shall be in substantially the form of Note attached as **Schedule 1 - Form of Definitive Notes** or **Schedule 2 - U.S. Form of Definitive Note**, as appropriate, shall be reasonably approved by the Trustee and shall be entitled to the benefit hereof and rank equally in accordance with its terms with all other Notes. The applicant for a replacement Note 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 Trustee such evidence of ownership and of the loss, destruction or theft of the Note so lost, destroyed or stolen as shall be satisfactory to each of the Corporation and the Trustee in their discretion, and such applicant shall also furnish an indemnity and surety bond, in amount and form satisfactory to each of the Corporation and the Trustee in their discretion, and shall pay the reasonable charges and expenses of the Corporation and the Trustee in connection therewith.

2.10 Option of Holder as to Place of Payment

Except as herein otherwise provided, all amounts which at any time become payable on account of any Note or any interest or Premium, if any, thereon shall be payable at the option of the Holder at any of the places at which the principal and interest in respect of such Note are payable.

2.11 Record of Payments

The Trustee shall maintain accounts and records evidencing each payment of principal of and Premium, if any, and interest on Notes, which accounts and records shall constitute, in the absence of manifest error, prima facie evidence thereof.

None of the Corporation, the Trustee, any other Registrar and any Paying Agent shall be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Global Note or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

2.12 Surrender for Cancellation

If the principal amount due upon any Note shall become payable before the Stated Maturity thereof, the Person presenting such Note for payment shall surrender the same for cancellation to the Corporate Trust Office and the Corporation shall pay or cause to be paid the interest accrued and unpaid thereon (computed on a per diem basis if the date fixed for payment is not an Interest Payment Date).

2.13 Additional Notes

Subject to the limitations set forth under Section 9.2(b), the Corporation may incur additional Indebtedness. At the Corporation's option with the written consent of the Agent, this

additional Indebtedness may consist of additional Notes ("Additional Notes") issued pursuant to this Indenture in one or more transactions, which have identical terms (other than issue price, issue date and date from which interest thereon will accrue) as the Notes issued on the Closing Date. Any Additional Notes will be consolidated and form a single class with the Notes issued on the Closing Date, so that, among other things, Holders of any Additional Notes will have the right to vote together with Holders of Notes issued on the Closing Date as one class.

2.14 Right to Receive Indenture

Each Noteholder is entitled to receive from the Corporation a copy of this Indenture on written request and upon payment of a reasonable copying charge.

2.15 Restrictions on Resale

For purposes of complying with applicable securities laws and National Instrument 45-102 *Resale of Securities*, the certificates evidencing the Notes in the form of Note attached as **Schedule 1 - Form of Definitive Notes** on the Closing Date and during any period that is four months plus one day from the Closing shall bear the following legend:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS PLUS ONE DAY FROM THE CLOSING DATE OF THE PRIVATE PLACEMENT].

ARTICLE 3 REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF NOTES

3.1 Registers

The Corporation shall cause to be kept at the Corporate Trust Office, or at such other place and by such other Person as shall be agreed by the Corporation and the Trustee, a central register (the "**Register**") (the Trustee or other Person maintaining the Register being hereinafter referred to as the "**Registrar**") in which shall be entered the names and last known addresses of Holders of Notes and the other particulars, as prescribed by law, of the Notes held by each of them and of all transfers of such Notes. Such registration shall be noted on such Notes by the Registrar. The Registrar from time to time shall, when requested in writing so to do by the Corporation or by the Trustee, furnish the Corporation or the Trustee, as the case may be, with a list of the names and last known addresses of the Holders of Notes entered on the Register, showing the principal amount and serial numbers of the Notes held by each of them.

The Corporation shall, or shall cause the Registrar to, furnish to the Trustee, in writing at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and last known addresses of Noteholders.

The Register shall at all reasonable times and upon prior written request be open for inspection by the Corporation, the Trustee and any Noteholder.

3.2 Transfer of Notes

A Holder of a Note may at any time and from time to time, subject to Section 3.5, have such Note transferred at the place at which the Register is kept pursuant to the provisions of Section 3.1.

No transfer of a Note shall be effective as against the Corporation unless:

- (a) such transfer is made by the Holder of the Note or the executor, administrator or other legal representative of, or any attorney for, the Holder, duly appointed by an instrument in form and execution satisfactory to the Registrar, upon surrender to the Registrar of the Note and a duly executed form of transfer;
- (b) such transfer is made in compliance with Applicable Law;
- (c) such transfer is made in compliance with requirements as the Registrar may prescribe;
- (d) such transfer has been noted on the Register by the Registrar; and
- (e) such transfer is made in compliance with Section 3.3 or 3.11, as applicable.

3.3 Restrictions on Transfer of Global Notes

Notwithstanding any other provision of this Indenture, a Global Note registered in the name of the Depository or a nominee of the Depository may not be transferred by the Depository or such nominee except in the following circumstances:

- (a) such Global Note may be transferred by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or to another nominee of the Depository or by the Depository or its nominee to a successor Depository or its nominee;
- (b) such Global Note may be transferred at any time after the Depository for such Global Note has notified the Corporation or the Corporation determines that the Depository is unwilling or unable or no longer eligible to continue as Depository for such Global Note;
- (c) such Global Note may be transferred at any time after the Corporation has determined, in its sole discretion, that the Notes represented by such Global Note shall no longer be held as Book Entry Only Notes; and
- (d) such Global Note may be transferred at any time after the Trustee has determined that an Event of Default has occurred and is continuing with respect to the Notes issued in the form of such Global Note, provided that at the time of such transfer such Event of Default has not been waived in accordance with the provisions of this Indenture.

3.4 Transferee Entitled to Registration

The registered transferee of a Note shall be entitled, after the appropriate form of transfer is lodged with the Registrar and upon compliance with all other conditions in that regard required by this Indenture or by law, to be entered on the Register as the Holder of such Note free from all equities or rights of setoff or counterclaim between the Corporation and the transferor or any previous Holder of such Note, except in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

3.5 Closing of Register; Recording of Certain Transfers

The Corporation shall not have the power to close the Register.

Neither the Corporation nor the Registrar shall be required to:

- (a) effect transfers or exchanges of Notes on any Interest Payment Date or during the 10 preceding Business Days, provided that such transfer restriction shall not affect the ability of the Noteholders to trade the Notes on the TSXV, or
- (b) effect transfers or exchanges of Notes:
 - (i) from the day of any selection by the Trustee of Notes to be redeemed until the day on which notice of redemption is given pursuant to Section 7.2, or
 - (ii) that have been selected or called for redemption in whole or in part unless, upon due presentation thereof for redemption, such Notes are not redeemed.

3.6 Exchange of Notes

Subject to Section 3.5, Notes in any authorized form or denomination may be exchanged upon reasonable notice for Notes in any other authorized form or denomination, any such exchange to be for an equivalent aggregate principal amount of Notes, carrying the same rate of interest and having the same Maturity Date other than exchange of U.S. Notes for Global Notes.

Notes may be exchanged at the Corporate Trust Office or at such other place or places as may be specified in the Notes and at such other place or places as may from time to time be designated by the Corporation pursuant to Section 9.3. Any Notes tendered for exchange shall be surrendered to the Trustee. The Corporation shall execute and the Trustee shall certify all Notes necessary to carry out such exchanges. All Notes surrendered for exchange shall be cancelled.

3.7 Ownership and Entitlement to Payment

The Person in whose name a Note is registered shall be deemed to be the beneficial owner thereof for all purposes of this Indenture and payment of or on account of the principal of and Premium, if any, and interest on such Note shall be made only to or upon the order in writing

of such Person, and each such payment shall be a good and sufficient discharge to the Corporation, the Trustee, any other Registrar and any Paying Agent for the amount so paid.

If a Note is registered in the name of more than one Person, the principal, Premium, if any, and interest from time to time payable in respect thereof may be paid to the order of all such Persons and each such payment shall be a good and sufficient discharge to the Corporation, the Trustee, any other Registrar and any Paying Agent for the amount so paid.

Notwithstanding any other provision of this Indenture, all payments in respect of Notes represented by a Global Note shall be made to the Depository or its nominee for subsequent payment by the Depository or its nominee to BEO Participants.

The Holder for the time being of a Note shall be entitled to the principal, Premium, if any, and interest evidenced by such Note, free from all equities or rights of setoff or counterclaim between the Corporation and the original or any intermediate Holder thereof except in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. The receipt by any such Holder of any such principal, Premium, if any, or interest shall be a good and sufficient discharge to the Corporation, the Trustee, any other Registrar and any Paying Agent for the amount so paid, and none of the Corporation, the Trustee, any other Registrar and any Paying Agent shall be bound to inquire into the title of any such Holder.

3.8 Evidence of Ownership

The Corporation and the Trustee may treat the Holder of a Note as the beneficial owner thereof without actual production of such Note for the purpose of any Noteholders' Request, requisition, direction, consent, instrument or other document to be made, signed or given by the Holder of such Note.

3.9 No Notice of Trusts

Neither the Corporation nor the Trustee nor any other Registrar nor any Paying Agent shall be bound to take notice of or see to the performance or observance of any duty owed to a third Person (whether under a trust, express, implied, resulting or constructive, in respect of any Note or otherwise) by the beneficial owner or the Holder of a Note or any Person whom the Corporation or the Trustee treats, as permitted or required by law, as the beneficial owner or the Holder of such Note, and the Corporation, the Trustee or any other Registrar may transfer any Note on the direction of the Person so treated or registered as the Holder thereof, whether named as trustee or otherwise, as though that Person was the beneficial owner of such Note.

3.10 Charges for Transfer and Exchange

For each Note exchanged or transferred, the Trustee or other Registrar, except as otherwise herein provided, may charge a reasonable amount for its services and in addition may charge a reasonable amount for each new Note issued (such amounts to be agreed upon by the Trustee or other Registrar and the Corporation from time to time), and payment of such charges and reimbursement of the Trustee or other Registrar for any stamp taxes or governmental or

other charges required to be paid shall be made by the Person requesting such exchange or transfer as a condition precedent thereto.

Notwithstanding the foregoing, no charge (except a charge to reimburse the Trustee or other Registrar for any stamp taxes or governmental or other charges) shall be made to a Noteholder:

- (a) for any exchange or transfer of Notes applied for within a period of 45 days from the date of the first delivery of Notes; or
- (b) for any exchange of any Note resulting from a partial redemption pursuant to Section 5.3 or Section 6.10

3.11 Restrictions on Transfer of Notes Under U.S. Securities Law

- (a) The Notes and Guarantees have not been and will not be registered under the U.S. Securities Act or under any United States state securities laws. The U.S. Notes and Guarantees may be offered, sold or otherwise transferred only, (i) to the Corporation, (ii) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations; (iii) within the United States in compliance with the exemption from registration under the U.S. Securities Act provided by Rule 144 or Rule 144A thereunder, if available, and in compliance with any applicable state securities laws; or (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable United States state laws and regulations governing the offer and sale of securities, and, in the case of (iii) or (iv), the holder has furnished to the Corporation an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and Trustee to such effect.
- (b) Each U.S. Note originally issued under an applicable exemption from the registration requirements of the U.S. Securities Act to a U.S. Purchaser, and any certificates issued in exchange therefor or in substitution thereof, shall bear the following legend (the "**U.S. Private Placement Legend**") until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THE SECURITIES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF ALANGE ENERGY CORP. AND ITS SUCCESSORS (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE

TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF APPLICABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) WITHIN THE UNITED STATES, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HEREOF HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION.

DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE 'GOOD DELIVERY' IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. PROVIDED THAT THE CORPORATION IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT AT THE TIME OF SUCH SALE OR TRANSFER, A NEW CERTIFICATE, BEARING NO LEGEND, THE DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY," MAY BE OBTAINED FROM EQUITY FINANCIAL TRUST COMPANY UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO EQUITY FINANCIAL TRUST COMPANY AND THE CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, TOGETHER WITH SUCH ADDITIONAL DOCUMENTATION AS EQUITY FINANCIAL TRUST COMPANY MAY REQUEST."

provided, that if securities are being sold outside the United States in accordance with Rule 904 of Regulation S and in compliance with applicable local laws and regulations, and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the legend may be removed by providing a declaration to the Trustee to the effect set forth in **Schedule 4 - Form of Declaration for Removal of Legend** hereto (or as the Corporation may

prescribe from time to time) together with such other documentation that the Corporation and the Trustee may prescribe including an opinion of counsel or other evidence of exemption, in either case reasonably satisfactory to the Corporation and the Trustee to the effect that the sale of the Notes is being made without registration in compliance with Rule 904 of Regulation S; and provided further, that, if any such securities are being sold within the United States in compliance with the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder and in compliance with applicable state laws and regulations, the legend may be removed by delivery to the Trustee and the Corporation of an opinion of counsel, of recognized standing in form and substance satisfactory to the Corporation and Trustee, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws. If a Note is tendered for transfer and bears the legend set forth above and the holder thereof has not obtained the prior written consent of the Corporation, the Registrar shall not register such transfer unless the holder complies with the requirements of this section.

- (c) *Transfer and Exchange of U.S. Notes to Beneficial Interests in the Global Notes.* A Holder of a U.S. Note may exchange such Note for a beneficial interest in a Global Note or transfer such U.S. Note to a Person who takes delivery thereof in the form of a beneficial interest in a Global Note only if:
 - (i) such exchange or transfer is effected pursuant to the an effective registration statement under the U.S. Securities Act;
 - (ii) such exchange or transfer is (i) effected in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations and (ii) the restrictions on transfer contained herein and the U.S. Private Placement Legend are not required in order to maintain compliance with the U.S. Securities Act; or
 - (iii) such exchange or transfer is (i) being effected pursuant to and in accordance with Rule 144 under the U.S. Securities Act and in compliance with the transfer restrictions contained herein and any applicable securities laws, (ii) the restrictions on transfer contained in this Indenture and the U.S. Private Placement Legend are not required in order to maintain compliance with the U.S. Securities Act, and (iii) the Registrar receives an opinion of counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the U.S. Securities Act; or
 - (iv) such exchange or transfer is (i) being effected pursuant to and in compliance with an exemption from the registration requirements of the U.S. Securities Act, other than Rule 144 or Rule 904, and in compliance with the transfer restrictions contained herein and any applicable securities laws, (ii) the restrictions on transfer contained in the Indenture and the U.S. Private Placement Legend are not required in order to maintain

compliance with the U.S. Securities Act and (iii) the Registrar receives an opinion of counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the U.S. Securities Act and that the restrictions on transfer contained herein and in the U.S. Private Placement Legend are no longer required in order to maintain compliance with the U.S. Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 3.11(c), the Trustee shall cancel the U.S. Note and increase or cause to be increased the aggregate principal amount of the Global Note.

ARTICLE 4

ISSUE AND DELIVERY OF NOTES

4.1 Issuance of Notes

The Corporation may issue, and the Trustee shall certify and deliver to or to the order of the Corporation, Notes issuable under this Indenture, but only upon receipt by the Trustee of the following on the Closing Date (or on each date of issuance of Additional Notes, if applicable):

- (a) a Certified Resolution authorizing the issuance and requesting the certification and delivery of a specified principal amount of the Notes;
- (b) an Officer's Certificate stating that no default exists in respect of any of the covenants, agreements or provisions of this Indenture or, if any such default exists, specifying the nature thereof and the action, if any, being taken by the Corporation to remedy such default;
- (c) an order of the Corporation for the certification and delivery of such Notes specifying the principal amount requested to be certified and delivered; and
- (d) an opinion of Corporation Counsel to the effect that all legal requirements in respect of the proposed issue of such Notes have been satisfied.

4.2 No Notes to be Issued During Default

No Notes shall be certified and delivered hereunder if, at the time of such certification and delivery, the Corporation, to the knowledge of the Trustee, is in default hereunder, or would immediately after such issuance be in default hereunder, provided that in each case the Trustee may certify and deliver Notes notwithstanding such knowledge if the Trustee shall be satisfied, relying on the advice or opinion of Trustee Counsel or other appropriately qualified experts that such default is not material and that the Corporation is taking appropriate action to remedy such default.

ARTICLE 5

PURCHASE OF NOTES IN OPEN MARKET

5.1 Purchase of Notes

The Corporation, at any time when it is not in default hereunder, may purchase all or any of the Notes in the open market (which shall include purchase from or through an investment dealer or a firm holding membership on a recognized stock exchange), by tender or by private contract, at any price, in compliance with any applicable securities regulations and stock exchange rules. All Notes so purchased shall forthwith be delivered to the Trustee and shall be cancelled by it and, subject to the following paragraph of this Section 5.1, no Notes shall be issued in substitution therefor.

If upon an invitation for tenders, more Notes are tendered at the same lowest price than the Corporation is prepared to accept, the Notes to be purchased by the Corporation shall be selected by the Trustee, in such manner (which may include selection on a *pro rata* basis, random selection by computer or any other method) as the Trustee deems equitable and expedient, from the Notes tendered by each tendering Noteholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected, and regulations so made shall be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes become subject to purchase in part only. The Holder of a Note of which a part only is purchased, upon surrender of such Note for payment, shall be entitled to receive, without expense to such Holder, one or more new Notes for the unpurchased part so surrendered, and the Trustee shall certify and deliver such new Note or Notes upon receipt of the Note so surrendered.

5.2 Cancellation of Notes

Subject to the provisions of Sections 5.3 as to Notes redeemed or purchased in part:

- (a) any Notes that are to be redeemed shall be surrendered to the Trustee at the Corporate Trust Office (with, if the Corporation or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing); and
- (b) all Notes redeemed or purchased by the Corporation shall not be reissued or resold and shall be forthwith delivered to and cancelled by the Trustee, and no Notes shall be issued in substitution therefor.

5.3 Notes Redeemed in Part

If any Notes are redeemed or purchased only in part, the Corporation shall execute and the Trustee shall certify and deliver to the Holder of such Notes, without service charge, a replacement certificate representing a Note or Notes, of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Notes so surrendered that is not purchased.

ARTICLE 6 CHANGE OF CONTROL PURCHASES

6.1 Change of Control Purchase

- (a) Call. If a Change of Control occurs at any time during which any Notes remain outstanding, the Corporation may, in its sole discretion, elect to redeem all (but not less than all) of the Notes for cash in Canadian dollars at the percentage of the principal amount of the Notes set out below (the amount in excess of 100% being the Premium) (the "**Change of Control Purchase Price**"), together with accrued and unpaid interest up to but excluding the date of purchase (the "**Change of Control Purchase Date**", which shall not be later than 35 Business Days after the Change of Control), calculated as follows:

	Applicable Percentage
If Change of Control occurs from and after the Closing Date to May 4, 2012	120%
If Change of Control occurs from and after May 5, 2012 to May 4, 2013	110%
If Change of Control occurs from and after May 5, 2013 to the Stated Maturity Date	105%

The redemption of the Notes pursuant to this Section 6.1 shall be completed in accordance with ARTICLE 7 of the Indenture, *mutatis mutandis*.

- (b) Put. If the Corporation does not elect to redeem the Notes in accordance with Section 6.1, the Corporation will be required to offer to purchase and repay all or part of each Holder's Notes, which offer may be accepted or rejected by the Holder, for cash in Canadian dollars at the Change of Control Purchase Price, together with accrued and unpaid interest up to but excluding the Change of Control Purchase Date.

6.2 Change of Control Notice

Within 15 Business Days after the occurrence of a Change of Control:

- (a) the Corporation shall provide a written notice of Change of Control (the "**Change of Control Notice**") by registered mail to the Trustee; and
- (b) the Corporation shall cause a copy of the Change of Control Notice to be published in the national edition of The Globe and Mail or other daily newspaper of national circulation in Canada.

The Trustee shall forthwith upon receipt of the Change of Control Notice mail a copy thereof to each Holder in the manner set forth in Section 13.2.

The Trustee shall be under no obligation to ascertain the occurrence of a Change of Control or to give notice with respect thereto other than as provided above upon receipt of the Change of Control Notice. The Trustee may conclusively assume, in the absence of written notice to the contrary from the Corporation, that no Change of Control has occurred.

The Change of Control Notice shall state, among other things:

- (c) the date of the Change of Control and, briefly, the events causing the Change of Control; and
- (d) whether the Corporation is entitled to and intends to redeem the Notes, in which event the Change of Control Notice shall be accompanied by a notice of its intention to redeem the Notes in accordance with ARTICLE 7.

6.3 Change of Control Purchase Notice

If the Corporation is not entitled to or does not elect to redeem the Notes, the Change of Control Notice shall be accompanied by a written notice (the "**Change of Control Purchase Notice**") of the Corporation offering to purchase and repay all or part of the Holder's Notes on the Change of Control Purchase Date, which Change of Control Purchase Notice shall state, among other things:

- (a) that the Change of Control Purchase Notice must be completed and returned by the Holder if such offer is acceptable to the Holder by 5:00 p.m. (Toronto time) on the Business Day immediately prior to the Change of Control Purchase Date;
- (b) the Change of Control Purchase Date;
- (c) the Change of Control Purchase Price;
- (d) the name and address of the Trustee;
- (e) that the Notes to be purchased must be surrendered to the Trustee at Corporate Trust Office to collect payment;
- (f) that the Change of Control Purchase Price for the Notes as to which a Change of Control Purchase Notice has been duly given and not withdrawn, together with accrued and unpaid interest thereon, will be paid promptly following the later of the Change of Control Purchase Date and the time of surrender of the Notes as described in paragraph (e);
- (g) the procedures that the Holder must follow to exercise its rights under Section 6.1(b) and a brief description of those rights;

- (h) that any Holder delivering to the Trustee a signed Change of Control Purchase Notice shall have the right to withdraw that Change of Control Purchase Notice at any time prior to the close of business on the Change of Control Purchase Date by delivery of a written notice of withdrawal to the Trustee in accordance with Section 6.6;
- (i) that interest on those Notes in respect of which a Change of Control Purchase Notice has been given and not withdrawn shall cease to accrue from and after the Change of Control Purchase Date; and
- (j) that the Notes shall be purchased and repaid on the Change of Control Purchase Date pursuant to the applicable provisions of this Indenture and immediately cancelled by the Trustee thereafter.

6.4 Procedures for Exercising Change of Control Purchase

A Holder may exercise its rights specified in Section 6.1(b) upon delivery to the Trustee of a signed Change of Control Purchase Notice at any time prior to 5:00 p.m. (Toronto time) on the Business Day immediately prior to Change of Control Purchase Date that includes the following information:

- (a) the certificate numbers of the Notes that the Holder will deliver to be purchased and repaid;
- (b) the principal amount of the Notes that the Holder will deliver to be purchased and repaid, which amount must be C\$1,000 or an integral multiple thereof; and
- (c) that the Notes are to be purchased and repaid by the Corporation on the Change of Control Purchase Date pursuant to this Indenture.

The delivery of such Notes (together with a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly endorsed) to the Trustee prior to, on or after the Change of Control Purchase Date shall be a condition to the receipt by the Holder of the Change of Control Purchase Price therefor; provided that such Change of Control Purchase Price shall be paid only if the Notes so delivered to the Trustee conform in all respects to the description thereof set forth in the related Change of Control Purchase Notice.

6.5 Consummation of Change of Control Purchase

Upon receipt by the Trustee of a Change of Control Purchase Notice, the Holder of the Notes in respect of which such Change of Control Purchase Notice was given shall (unless such Change of Control Purchase Notice is withdrawn in accordance with Section 6.6) thereafter be entitled to receive solely the Change of Control Purchase Price, together with accrued and unpaid interest with respect to such Notes to but excluding the Change of Control Purchase Date. The Change of Control Purchase Price and accrued and unpaid interest shall be paid to such Holder promptly following the later of:

- (a) the Change of Control Purchase Date (provided the conditions in Section 6.4 have been satisfied); and
- (b) the time of delivery of such Notes to the Trustee by the Holder thereof in the manner required by Section 6.4.

6.6 Withdrawal of Purchase Notice

A signed Change of Control Purchase Notice may be withdrawn at any time prior to 5:00 p.m. (Toronto time) on the Business Day immediately prior to the Change of Control Purchase Date, by means of a written notice of withdrawal delivered by the Holder to the Trustee specifying:

- (a) the certificate number of the Notes in respect of which such notice of withdrawal is being submitted;
- (b) the principal amount of the Notes (which shall be C.\$1,000 or an integral multiple thereof) with respect to which such notice of withdrawal is being submitted; and
- (c) the principal amount of the Notes, if any, to remain subject to the original Purchase Notice, which amount must be C.\$1,000 or an integral multiple thereof.

The Trustee shall promptly return to the respective Holders thereof any Notes with respect to which a signed Change of Control Purchase Notice has been withdrawn in compliance with this Indenture.

6.7 Notification by Trustee

The Trustee shall promptly notify the Corporation of the receipt of any signed Change of Control Purchase Notice and of any written notice of withdrawal thereof.

6.8 No Purchase in the Event of Default

No purchase of any Notes pursuant to this ARTICLE 6 shall be permitted so long as there has occurred and is continuing a Default or an Event of Default (other than a Default in the payment of the Change of Control Purchase Price). The Trustee shall promptly return to the respective Holders thereof any Notes delivered to it pursuant to a signed Change of Control Purchase Notice and held by it during the continuance of a Default or an Event of Default existing on the Business Day following the Change of Control Purchase Date (other than a Default in the payment of the Change of Control Purchase Price).

6.9 Deposit of Change of Control Purchase Price

No later than 9:00 a.m. (Toronto time) on the Change of Control Purchase Date, the Corporation shall deposit with the Trustee an amount of cash sufficient to pay the aggregate Change of Control Purchase Price of all the Notes or portions thereof that are to be purchased and repaid as of the Change of Control Purchase Date, together with accrued and unpaid interest thereon.

6.10 Notes Purchased in Part

Any Notes that are to be purchased and repaid only in part shall be surrendered to the Trustee at the Corporate Trust Office (with, if the Corporation or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Corporation shall execute and the Trustee shall certify and deliver to the Holder of such Notes, without service charge, a replacement certificate representing a Note or Notes, of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Notes so surrendered that is not purchased and repaid.

ARTICLE 7 MANDATORY REDEMPTION

7.1 Mandatory Redemption

The Corporation shall redeem that principal amount of the Notes, *pro rata* from the Holders, for cash in Canadian dollars at the principal amount of the Notes (the "**Mandatory Redemption Price**"), together with accrued and unpaid interest up to but excluding the date of purchase (each, a "**Mandatory Redemption Date**"), determined as follows:

Mandatory Redemption Date	Total Principal Amount of the Notes Outstanding
May 5, 2012	33 1/3%
May 5, 2013	33 1/3%
Stated Maturity Date	Balance Remaining

7.2 Mandatory Redemption Notice

Not less than 30 days and not more than 60 days before each Mandatory Redemption Date:

- (a) the Corporation shall provide a written notice of the Mandatory Redemption Date (the "**Mandatory Redemption Notice**") by registered mail to the Trustee; and
- (b) the Corporation shall cause a copy of the Mandatory Redemption Notice to be published in the national edition of The Globe and Mail or other daily newspaper of national circulation in Canada.

The Trustee shall forthwith upon receipt of the Mandatory Redemption Notice mail a copy thereof to each Holder in accordance with Section 13.2, provided that the non-receipt of the Mandatory Redemption Notice by a Holder shall not invalidate or otherwise prejudicially affect the redemption of such Notes.

The Trustee shall be under no obligation to ascertain the occurrence of a Mandatory Redemption Date or to give notice with respect thereto other than as provided above upon receipt of the Mandatory Redemption Notice. The Trustee may conclusively assume, in the absence of written notice to the contrary from the Corporation, that no Mandatory Redemption Date has occurred.

7.3 Mandatory Redemption Notice

The Mandatory Redemption Notice shall state:

- (a) the Mandatory Redemption Date;
- (b) the Mandatory Redemption Price;
- (c) the total principal amount of the Notes to be redeemed together with the percentage being redeemed from each Holder;
- (d) the name and address of the Trustee;
- (e) that the Notes to be purchased must be surrendered to the Trustee at Corporate Trust Office to collect payment;
- (f) that the Mandatory Redemption Price for the Notes, together with accrued and unpaid interest thereon, will be paid promptly following the later of the Mandatory Purchase Date and the time of surrender of the Notes as described in paragraph (e);
- (g) the procedures that the Holder must follow to obtain the Mandatory Redemption Price, including procedures for the delivery of Notes;
- (h) that interest on those Notes in respect of which a Mandatory Redemption Notice has been given and not withdrawn shall cease to accrue from and after the Mandatory Redemption Date;
- (i) that the Notes shall be purchased and repaid on the Mandatory Redemption Date pursuant to the applicable provisions of this Indenture and immediately cancelled by the Trustee thereafter;

In addition, unless all the outstanding Notes are to be redeemed, the Mandatory Notice of Redemption shall specify:

- (j) in the case of a notice mailed to a Holder, the distinguishing letters and numbers of the Notes which are to be redeemed (or of such thereof as are registered in the name of such Holder);
- (k) in the case of a published notice, the distinguishing letters and numbers of the Notes which are to be redeemed or, if such Notes are selected by terminal digit or

other similar system, such particulars as may be sufficient to identify the Notes so selected;

- (l) in the case of Book Entry Only Notes, that the redemption shall take place in such manner as may be agreed by the Depository, the Trustee and the Corporation; and
- (m) in all cases, the principal amount of each Note to be redeemed or, if any such Note is to be redeemed in part only, the principal amount of such part.

The delivery of such Notes (together with a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly endorsed) to the Trustee prior to, on or after the Mandatory Redemption Date shall be a condition to the receipt by the Holder of the Mandatory Redemption Price therefor; provided that such Mandatory Redemption Price shall be paid only if the Notes so delivered to the Trustee conform in all respects to the description thereof set forth in the related Mandatory Redemption Notice.

7.4 Notes Due on Mandatory Redemption Date

Upon the Mandatory Redemption Notice having been given as specified in Section 7.2, all the Notes so called for redemption shall thereupon be and become due and payable at the Mandatory Redemption Price and on the Mandatory Redemption Date specified in such notice, in the same manner and with the same effect as if such date was the Stated Maturity specified in such Notes, anything therein or herein to the contrary notwithstanding, and from and after such Mandatory Redemption Date, if the money necessary to redeem such Notes shall have been deposited as provided in Section 7.7 and affidavits or other proof satisfactory to the Trustee as to the publication or mailing of such notice shall have been lodged with the Trustee, such Notes shall not be considered as outstanding hereunder and interest upon such Notes shall cease.

7.5 Consummation of Mandatory Redemption Purchase

Upon receipt by the Trustee of a Mandatory Redemption Notice and if the Mandatory Redemption Price for all of the Notes that is subject to the Mandatory Redemption Notice has been deposited in accordance with Section 7.7, each Noteholder in respect of which such Mandatory Redemption Notice was given shall thereafter be entitled to receive solely the Mandatory Redemption Price, together with accrued and unpaid interest with respect to such Notes to but excluding the Mandatory Redemption Date. The Mandatory Redemption Price and accrued and unpaid interest shall be paid to such Holder promptly following the later of:

- (a) the Mandatory Redemption Date (provided the conditions in Section 7.3(e) have been satisfied); and
- (b) the time of delivery of such Notes to the Trustee by the Holder thereof in the manner set out in the Mandatory Redemption Notice.

7.6 No Purchase in the Event of Default

No purchase of any Notes pursuant to this ARTICLE 7 shall be permitted so long as an Event of Default has occurred and is continuing (other than a default in the payment of the

Mandatory Redemption Price). The Trustee shall promptly return to the respective Holders thereof any Notes delivered to it pursuant to a Mandatory Redemption Notice and held by it during the continuance of an Event of Default existing on the Business Day following the Mandatory Redemption Date (other than a Default in the payment of the Mandatory Redemption Price).

7.7 Deposit of Mandatory Redemption Price

No later than 9:00 a.m. (Toronto time) on the Mandatory Redemption Date, the Corporation shall deposit with the Trustee an amount of cash sufficient to pay the aggregate Mandatory Redemption Price of all the Notes or portions thereof that are to be purchased and repaid as of the Mandatory Redemption Date, together with accrued and unpaid interest thereon. From the sums so deposited, the Trustee shall pay or cause to be paid to the Holders subject to the Mandatory Redemption Notice, the principal and interest to which they are entitled on redemption.

7.8 Notes Purchased in Part

Any Notes that are to be purchased and repaid only in part shall be redeemed on a *pro rata* basis to the nearest multiple of C.\$1000 in accordance with the principal amount of the Notes registered in the name of each Holder, but in no case shall a Note be redeemed in part unless the principal amount redeemed is C.\$1000 or a multiple thereof. For this purpose, the Trustee may make regulations with regard to the manner in which such Notes may be so selected and regulations so made shall be valid and binding upon all Holders of Notes. Any Notes that are to be purchased and repaid only in part shall be surrendered to the Trustee at the Corporate Trust Office (with, if the Corporation or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Corporation shall execute and the Trustee shall certify and deliver to the Holder of such Notes, without service charge, a replacement certificate representing a Note or Notes, of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Notes so surrendered that is not purchased and repaid.

ARTICLE 8 WITHHOLDING TAXES/PREPAYMENT OBLIGATIONS

8.1 Withholding Taxes

All payments made by the Corporation with respect to the Notes shall be made free and clear of and without deduction for or on account of any present or future tax, duty, levy, impost, assessment, or other governmental charge imposed or levied by or on behalf of the Government of Canada or the United States, as well as any other government or authority, province, state or territory thereof or by any authority or agency therein or thereof as well as any other government or authority having power to tax a Noteholder, unless the Corporation is required to withhold or deduct Taxes by law or by the interpretation or administration thereof. If the Corporation is required by such laws or by the interpretation or administration thereof to withhold or deduct any

amount from any payment with respect to the Notes (including without limitation, any payments for principal, interest, capitalized interest, Premium, if any,) for or on account of any Taxes, the Corporation shall make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority in accordance with Applicable Law.

The Corporation will furnish to the Holders of the Notes, within 30 days after the date that the payment of any Taxes is due pursuant to Applicable Law, copies of receipts evidencing such payment by the Corporation.

ARTICLE 9 COVENANTS OF THE CORPORATION

9.1 Positive Covenants

The Corporation hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Noteholders, for and on behalf of itself and each of the Restricted Subsidiaries, as follows, for so long as the Notes are outstanding:

- (a) **Payment and Performance of Note Indebtedness.** the Corporation shall duly and punctually pay or cause to be paid to each Holder of Notes the principal thereof, interest accrued thereon and Premium, if any, payable thereon on the dates, at the places, in the currency, and in the manner specified herein or as otherwise provided in such Notes;
- (b) **Compliance with Indenture.** The Corporation shall and shall cause each of the Restricted Subsidiaries to duly and practically carry out all of the acts or things to be done by or provided by this Indenture.
- (c) **Corporate Existence:** subject to the express provisions hereof, the Corporation shall, and shall cause each of the Restricted Subsidiaries to, at all times maintain its respective corporate existence, carry on and conduct its respective business in a reasonably proper, efficient and businesslike manner and in accordance with good business practice and diligently maintain, use and operate its respective properties so as to preserve and protect the earnings, incomes, rents, issues and profits thereof;
- (d) **Books and Records:** subject to the express provisions hereof, the Corporation shall, and shall cause the Restricted Subsidiaries to, at all times keep or cause to be kept proper books of account and make or cause to be made therein true and faithful entries of all its dealings and transactions in relation to its business and the business of the Restricted Subsidiaries all in accordance with GAAP for itself and the Restricted Subsidiaries;
- (e) **Restricted Subsidiaries Direct or Indirect Wholly-Owned Subsidiaries:** the Corporation shall cause the Restricted Subsidiaries to continue to be direct or indirect wholly-owned Subsidiaries of the Corporation;

- (f) **Annual and Interim Financial Statements:** the Corporation shall furnish to the Trustee a copy of the consolidated financial statements, whether annual or interim, of the Corporation and any report of the Corporation's Auditors thereon at substantially the same time as such financial statements are or would be filed with securities regulatory authorities;
- (g) **Notice of Default:** promptly upon becoming aware thereof, the Corporation shall provide written notice to the Trustee of the occurrence of any Default or Event of Default, or any other event, circumstance or matter which, with the giving of notice or passage of time, or both, would have a material adverse effect on the ability of the Corporation to pay the Note Indebtedness, as well as the action which the Corporation proposes to take or has taken to remedy same;
- (h) **Notice of Proceedings.** promptly upon becoming aware thereof, the Corporation shall provide written notice to the Trustee of any actions, suits, arbitrations, proceedings, inquiries or investigations or other proceedings existing, pending or, to the knowledge of the Corporation, threatened by or against the Corporation or any of the Restricted Subsidiaries, or before or by any Governmental Authority or before any arbitrator of any kind, which, if determined adversely to the Corporation or any of the Restricted Subsidiaries, would have a material adverse effect on the ability of the Corporation to pay the Note Indebtedness, as well as the action which the Corporation proposes to take or has taken to remedy same;
- (i) **Payment of Taxes:** the Corporation shall, and shall cause the Restricted Subsidiaries to, from time to time pay or cause to be paid all taxes, rates, levies, assessments (ordinary or extraordinary), government fees or dues lawfully levied, assessed or imposed upon or in respect of its respective property or any part thereof or upon its income and profits as and when the same become due and payable and to withhold and remit any amounts required to be withheld by it from payments due to others and remit the same to any government or agency thereof, and it shall exhibit or cause to be exhibited to the Trustee, when requested, the receipts and vouchers establishing such payment and shall duly observe and conform to all applicable requirements of any Governmental Authority relative to any of the property or rights of the Corporation and of the Restricted Subsidiaries and all covenants, terms and conditions upon or under which any such property or rights are held; *provided, however,* that the Corporation or the Restricted Subsidiaries shall have the right to contest in good faith and diligently by legal proceedings any such taxes, rates, levies, assessments, government fees or dues, and during such contest, may deliver or defer payment or discharge thereof;
- (j) **TSXV Listing:** the Corporation shall use its commercially reasonable efforts to obtain, and its commercially reasonable efforts to continue, the listing of the Notes on the TSXV;
- (k) **Maintenance of Authorizations, Permits, Etc.:** the Corporation shall, and shall cause the Restricted Subsidiaries to, maintain in good standing and in full force and effect all material authorizations, permits, consents, registrations and

approvals necessary to properly conduct their respective businesses in accordance with this Indenture or to perform and comply with their respective obligations under this Indenture and the Security Documents;

- (l) **Defend Title:** except as otherwise expressly provided for hereunder, the Corporation shall, and shall cause each Restricted Subsidiary to, maintain, protect and defend title to all of its assets subject to Permitted Encumbrances and take all such commercially reasonable acts and steps as are necessary or advisable at any time and from time to time to retain its ownership in all such assets subject to Permitted Encumbrances in good standing and to cure any material title defects in respect of all such assets subject to Permitted Encumbrances;
- (m) **Compliance with Laws and Regulations:** the Corporation shall, and shall cause the Restricted Subsidiaries to, observe and comply in all material respects with the requirements of all applicable laws, judgments, orders, decisions and awards of any Governmental Authority (including laws, rules, regulations and orders relating to taxes, employer and employee contributions, securities, employee retirement and welfare benefits, and Environmental Matters and employee health and safety) as now in effect and which may be imposed in the future in all jurisdictions where the assets of the Corporation or any of the Restricted Subsidiaries are located or may hereafter be located;
- (n) **Insurance:** the Corporation shall, and shall cause each Restricted Subsidiary to, maintain such policies of insurance in respect of its assets, issued by responsible insurers, as are appropriate to its business and in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties or assets in the jurisdiction where such assets are located;
- (o) **Additional Security:** the Corporation shall and shall cause its Subsidiaries subsequent to the date hereto to mortgage, pledge, hypothecate in favour of the Trustee for the benefit of the Noteholder such additional security for the payment and performance of the Corporation's obligations under this Indenture in any of its property or assets as requested by the Agent;
- (p) **Further Assurances:** the Corporation shall perform, execute and deliver all acts, agreements and other documents as may be reasonably requested in writing by the Trustee at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Lien created by the Security Documents, such that the Security Documents will constitute valid and, upon registration in the appropriate registry, perfected charges or security interests upon the applicable assets of the Corporation free and clear of all Liens, except Permitted Encumbrances;

9.2 Negative Covenants

The Corporation hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Noteholders, for and on behalf of itself and each of the Restricted Subsidiaries,

that it shall not, and shall ensure that each Restricted Subsidiary shall not, for so long as the Notes are outstanding:

- (a) **Negative Pledge:** create, incur, assume or suffer to exist any Lien upon or with respect to any of its property, assets and undertaking comprising the C Block Assets, whether now owned or hereafter acquired, other than Permitted Encumbrances;
- (b) **Limitations on Indebtedness of Corporation and Restricted Subsidiaries:** directly or indirectly create, issue, incur, assume or otherwise become liable for or in respect of any Indebtedness, other than Permitted Indebtedness;
- (c) **Limitation on Payments:** directly or indirectly: (a) declare or pay any dividend or make any distribution or payment of any kind (other than dividends or distributions payable in Common Shares or in options, warrants or other rights to purchase Common Shares) on or in respect of any shares in the capital of the Corporation; (b) purchase, redeem or otherwise acquire for cash or retire for value any shares in the capital of the Corporation or any warrants, rights or options to purchase or acquire shares in the capital of the Corporation; (c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Indebtedness of the Corporation that is subordinate or junior in right of payment to the Notes other than in each case as expressly permitted herein;
- (d) **Pledge of Securities:** create, incur, assume or permit or suffer to exist any Lien against or upon any Securities held by the Corporation in the Restricted Subsidiaries, except as expressly permitted herein;
- (e) **Business Activities:** engage in the conduct of any business other than the business of the Corporation and the Restricted Subsidiaries as existing on the Closing Date or in businesses reasonably related thereto on a basis consistent with the conduct of such business as conducted on the Closing Date;
- (f) **Sale of C Block Assets:** directly or indirectly complete any sale, lease, transfer or other disposition of all or part of its interest in the C Block Assets; and
- (g) **Impairment of Security:** take or omit to take any action which could reasonably be expected to have the result of materially adversely affecting or impairing the Security Interest created by the Security Documents.

9.3 Maintenance of Offices or Agencies

The Corporation shall maintain in Toronto an office or agency where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Corporation in respect of the Notes and this Indenture may be served. The Corporate Trust Office shall be such office or agency of the Corporation, unless the Corporation shall designate and maintain some other office

or agency for one or more of such purposes. The Corporation shall give prompt notice to the Trustee of any change in the location of any such office or agency. If at any time the Corporation shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Corporation hereby appoints the Trustee as its Trustee to receive all such presentations, surrenders, notices and demands.

The Corporation may from time to time designate one or more other offices or agencies (in or outside of Toronto) where the Notes may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation provided, however, that no such designation or rescission shall in any manner relieve the Corporation of its obligation to maintain an office or agency in Toronto for such purposes. The Corporation will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

9.4 Money for Payments to Be Held in Trust

If the Corporation shall at any time act as its own Paying Agent, it shall, on or before each due date of the principal and Premium, if any, and interest on any of the Notes, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and Premium, if any, and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and shall promptly notify the Trustee of its action or failure to so act and the Trustee shall promptly provide the Noteholders with written notice of any such action or failure to so act.

Whenever the Corporation shall have one or more Paying Agents for the Notes, it shall, except as provided in Section 2.8 with respect to Global Notes, no later than three Business Days on or before each due date of the principal of, and Premium, if any, and interest on, any Notes, deposit with a Paying Agent a sum in same day funds sufficient to pay the principal, Premium, if any, and interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, Premium, if any, or interest and (unless such Paying Agent is the Trustee) the Corporation shall promptly notify the Trustee of such action or failure to so act.

The Corporation shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section that such Paying Agent will:

- (a) hold all sums held by it for the payment of the principal of and Premium, if any, and interest on Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (b) give the Trustee notice of any default by the Corporation (or any other obligor upon the Notes) in the making of any payment of principal, Premium, if any, and interest; and

- (c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Corporation may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by an order of the Corporation direct any Paying Agent to pay, to the Trustee all sums held in trust by the Corporation or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Corporation or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Corporation, in trust for the payment of the principal, Premium, if any, and interest on any Note and remaining unclaimed for two years after such principal, Premium, if any, and interest has become due and payable shall be paid, on written request of the Corporation, to the Corporation, or (if then held by the Corporation) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Corporation for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Corporation as trustee thereof, shall thereupon cease.

9.5 Trustee's Remuneration and Expenses

The Corporation shall pay the Trustee reasonable remuneration for its services as trustee hereunder and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of Trustee Counsel and all other advisers and assistants not regularly in its employ who have been retained by the Trustee) both before any default hereunder and thereafter until all the duties of the Trustee shall be firmly and fully performed, except any such expense, disbursement or advance as may arise from failure to perform its obligations hereunder in accordance with Section 14.2. Any amount due under this Section 9.5 and unpaid 30 days after request for such payment shall bear interest from the expiration of such 30 days at a rate per annum equal to the then current rate charged by the Trustee from time to time, payable on demand. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee or its successors in the trusts hereunder in priority to any payment of the principal of, or interest or Premium, if any, on, the Notes. Such remuneration shall continue to be payable until the trusts hereof shall be finally wound up, whether or not the trusts of this Indenture shall be in course of administration by or under the direction of a court.

9.6 Not to Extend Time for Payment of Interest

Subject to the provisions of Section 12.11 or 12.12, in order to prevent any accumulation after maturity of unpaid interest, the Corporation shall not directly or indirectly extend or assent to the extension of time for payment of interest upon any Notes or directly or indirectly be or become a party to or approve any such arrangement by purchasing or funding interest on the Notes or in any other manner.

If the time for the payment of any interest shall be so extended, whether or not such extension is by or with the consent of the Corporation, notwithstanding anything herein or in the Notes contained, such interest shall not be entitled in case of default hereunder to the benefit of this Indenture until such time as payment in full has been made of the principal of all the Notes and of all interest on such Notes the payment of which has not been so extended.

9.7 Examination and Audit

The Corporation shall annually, within 90 days (or such other period prescribed by Applicable Laws) after the end of its fiscal year, have an audit of the Corporation's consolidated financial statements made by the Corporation's Auditors.

9.8 No Amalgamation, Merger, Consolidation

The Corporation shall not, directly or indirectly through a Subsidiary of the Corporation, enter into a transaction or series of transactions, other than a transaction or series of transactions involving a Change of Control, in which all or substantially all of the undertaking, property and assets of the Corporation and its Subsidiaries would become the property of any other Person, whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale, lease or otherwise, unless the Corporation will be the continuing corporation or:

- (a) the Person is a corporation organized and existing under the laws of Canada or a province or territory thereof or of the United States of America or a state thereof or of the District of Columbia and the Person expressly assumes, by a Supplemental Indenture satisfactory in form to the Trustee and Trustee Counsel and executed and delivered to the Trustee, all the covenants and obligations of the Corporation under this Indenture and all Notes (and the Corporation's counsel shall have provided to the Trustee a legal opinion to that effect);
- (b) at the time of and after giving effect to the reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale, lease or other transaction, no Event of Default or event that, with the passing of time or the giving of notice or both, would constitute an Event of Default has occurred and is continuing;
- (c) the Corporation shall have delivered to the Trustee an Officer's Certificate stating that the conditions precedent in this Section 9.8 have been satisfied; and
- (d) neither the Corporation nor the Person, either at the time of or immediately after the consummation of any such transaction and after giving full effect thereto, or immediately after compliance by the Person with the provisions of Section 9.8(a), will be insolvent or generally fail to meet, or admit in writing its inability or unwillingness to meet, its obligations as they generally become due.

Whenever the conditions of this Section 9.8 have been duly observed and performed, the Person shall possess and from time to time may exercise each and every right and power of the Corporation under this Indenture, in the name of the Corporation or otherwise, and any act or proceeding required by any provision of this Indenture to be done or performed by any Directors

or officers of the Corporation may be done and performed with like force and effect by the directors or officers of the Person.

9.9 Trustee May Perform Covenants

If the Corporation fails to perform any covenant on its part herein contained, the Trustee may perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Trustee may make such payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but shall be under no obligation to do so. All sums so expended or advanced shall be repayable by the Corporation in the manner provided in Section 9.5, but no such performance or payment shall be deemed to relieve the Corporation from any default or continuing obligation hereunder.

9.10 Certificates Relating to Compliance and Default

So long as any Notes are outstanding, the Corporation shall deliver to the Trustee within 60 days after the end of each of the first three fiscal quarters in each of its fiscal years and 120 days after the end of each of its fiscal years, and at any other time if so requested by the Trustee, an Officer's Certificate stating that the Corporation has complied with all covenants, conditions or other requirements contained herein, non-compliance with which would, with the giving of notice or the lapse of time or otherwise, constitute an Event of Default or, if such is not the case, specifying all relevant particulars thereof, the period of existence thereof and the action the Corporation is taking or proposes to take with respect thereto. For purposes of this Section 9.10, compliance by the Corporation with the covenants, conditions or other requirements of this Indenture shall be determined without regard to any period of grace or notice requirement under this Indenture.

9.11 Financial Statements

Following receipt of consolidated financial statements of the Corporation by the Trustee pursuant to this Indenture, the Trustee shall, while such statements are current, maintain custody of them and make them available for inspection by Noteholders upon reasonable written request. No obligation shall rest with the Trustee to analyze such statements, or evaluate the performance of the Corporation as indicated by such financial statements, in any manner whatsoever.

ARTICLE 10 DEFAULTS AND REMEDIES

10.1 Events of Default

Each of the following events shall be an "**Event of Default**" in respect of the Notes:

- (a) failure to pay principal or Premium, if any, on any Notes when due except as provided in clause 10.1(c) below;
- (b) failure to pay interest on any Notes when due if such failure continues for a period of 3 Business Days;

- (c) failure to pay the Change of Control Purchase Price when due in accordance with ARTICLE 6 or the Mandatory Redemption Price when due in accordance with ARTICLE 7, in either case if such failure continues for a period of 10 Business Days;
- (d) failure to observe or perform any other covenant or condition contained in this Indenture or a Supplemental Indenture or any of the Security Documents, provided that if such covenant or condition is capable of rectification, then such failure will be an Event of Default only if such failure continues for a period of 15 days after written notice thereof has been given to the Corporation by the Trustee or the Holders of at least 25% aggregate principal amount of the Notes then outstanding;
- (e) failure by the Corporation or any Subsidiary of the Corporation to observe or perform any provision of any agreement under which Indebtedness is created, if such failure has the effect of causing more than C.\$1,000,000 of such Indebtedness in the aggregate at such time to become due and payable or to be required to be redeemed or repurchased before its stated maturity;
- (f) the rendering by a court of competent jurisdiction of one or more judgments against the Corporation or any Subsidiary of the Corporation in an aggregate amount of more than C.\$1,000,000 if the judgments remain undischarged or unstayed for more than 30 days, and the Corporation or such Subsidiary are actively and diligently contesting such judgment;
- (g) proceedings are commenced for the winding-up, liquidation or dissolution of the Corporation or any Subsidiary of the Corporation (except as otherwise permitted under this Indenture), unless the Corporation or such Subsidiary of the Corporation in good faith actively and diligently contests such proceedings, decree, order or approval, resulting in a dismissal or stay thereof within 45 days of commencement;
- (h) a decree or order of a court of competent jurisdiction is entered adjudging the Corporation or any Subsidiary of the Corporation to be bankrupt or insolvent, or a petition seeking reorganization, arrangement or adjustment of or in respect of the Corporation or any Subsidiary of the Corporation is approved under Applicable Law relating to bankruptcy, insolvency or relief of debtors and remains in force for a period of at least 30 days during which a stay of enforcement is not in effect;
- (i) the Corporation or any Subsidiary of the Corporation makes an assignment for the benefit of its creditors, or petitions or applies to any court or tribunal for the appointment of a receiver or trustee for itself or any substantial part of its property, or commences for itself or acquiesces in any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or any proceeding for the appointment of a receiver or trustee for itself or any substantial part of its property, or suffers any such receivership or trusteeship;

- (j) a resolution is passed for the winding-up or liquidation of the Corporation except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 9.8 are duly observed and performed; or
- (k) this Indenture shall for any reason cease in whole or in any material part to be a legal, valid, binding and enforceable obligation of the Corporation.

10.2 Notice of Event of Default

If an Event of Default shall occur and be continuing, then the Trustee shall, within 10 Business Days after it becomes aware of the occurrence of such Event of Default, give notice of such Event of Default to the Noteholders in the manner specified in Section 13.2; provided, however, that, except in the case of a default in the payment of the principal of, (or Premium, if any) or interest on, any Note, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Noteholders and the Trustee so advises the Corporation in writing.

If notice of an Event of Default has been given to Noteholders and such Event of Default is thereafter remedied or cured prior to the acceleration of the Indebtedness of the Corporation hereunder pursuant to Section 10.3, notice that such Event of Default is no longer continuing shall be given by the Trustee to the Persons to whom notice of such Event of Default was given pursuant to this Section 10.2, such notice to be given within a reasonable time, not to exceed 10 days, after the Trustee becomes aware that such Event of Default has been remedied or cured during such period of time.

10.3 Acceleration

If an Event of Default occurs and is continuing, the principal amount of, the Premium, if any, and accrued and unpaid interest on, all Notes then outstanding shall be due and payable immediately without any declaration or other action by the Trustee or the Holders.

If the principal amount and the Premium, if any, and any accrued and unpaid interest on Notes are due and payable pursuant to this Section 10.3, the Corporation shall pay to the Trustee forthwith, for the benefit of the Noteholders of the affected Notes, the amount of principal of and Premium, if any, and accrued and unpaid interest (including interest on amounts in default) on those Notes and all other fees and expenses payable in regard thereto under this Indenture, together with interest thereon at the rate borne by such Notes from the date that such amounts are due and payable until payment is received by the Trustee. Such payments, when made, shall be deemed to have been made in discharge of the Corporation's obligations under this Indenture.

10.4 Waiver of Event of Default

Upon the happening of an Event of Default:

- (a) the Holders of Notes then outstanding with respect to which an Event of Default shall have occurred and be continuing, pursuant to an Extraordinary Resolution shall have the power, exercisable by requisition in writing, to instruct the Trustee to waive such Event of Default, and the Trustee shall thereupon waive such Event

of Default upon such terms and conditions as shall be prescribed in such requisition; and

- (b) the Trustee, so long as it has not become bound to declare the principal of and Premium, if any, and interest on the Notes then outstanding to be due and payable, or to obtain or enforce payment thereof, shall have the power to waive any Event of Default which has been remedied or cured or in respect of which, in the opinion of the Trustee, relying, if necessary on the opinion of Trustee's Counsel or other expert, adequate satisfaction has been made.

No delay or omission of the Trustee or of the Noteholders in exercising any right or power accruing upon the occurrence of an Event of Default shall impair any such right or power or shall be construed to be a waiver of such Event of Default or acquiescence therein, and no act or omission, either of the Trustee or of the Noteholders, shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

10.5 Enforcement by the Trustee

Upon the occurrence of an Event of Default, the Trustee shall exercise the rights and powers vested in it under this Indenture.

Subject to the provisions of Section 10.4 and to the provisions of any Extraordinary Resolution, if the Corporation fails to pay to the Trustee, forthwith after the same shall have been declared to be or has automatically become due and payable under Section 10.3, the principal of and Premium, if any, and interest on the affected Notes together with any other amounts due hereunder, the Trustee shall, upon being sufficiently indemnified and funded to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as Trustee hereunder to obtain or enforce payment of such principal of, and Premium, if any, and interest on, those Notes together with any other amounts due hereunder by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee in the Noteholders' Request shall have been directed to take, or if the Noteholders' Request contains no such direction, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

The Trustee shall be entitled and is hereby empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for each of the Holders of the Notes, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and some or all of the Holders of the Notes allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Notes by taking and holding Notes shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective Holders of the Notes with authority to make and file in the respective names of the Holders of the Notes or on behalf of the Holders of the Notes as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the Holders of the Notes themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to

receive payment of any sums becoming distributable on account thereof, and to execute any such other documents and to do and perform any and all such acts and things, for and on behalf of such Holders of the Notes, as may be necessary or advisable, in the opinion of the Trustee acting on the advice of Trustee Counsel, in order to have the respective claims of the Trustee and of the Holders of the Notes against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims, provided that nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Noteholder.

The Trustee shall also have power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of some or all of the Noteholders.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Notes or the production thereof at the trial or other proceedings relative thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the applicable Holders of the Notes whose rights are enforced subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also in any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Notes whose rights are enforced, and it shall not be necessary to make any Holders of the Notes parties to any such proceeding.

10.6 Suits by Noteholders

No Holder of any Note shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of, or any Premium, if any, or interest on, the Notes or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy unless:

- (a) the Noteholders, by Extraordinary Resolution or by Noteholders' Request, shall have made a written request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers conferred upon it or to institute an action, suit or proceeding in its name for such purpose;
- (b) the Noteholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, funding and indemnity satisfactory to the Trustee with respect to the costs, expenses and liabilities to be incurred therein or thereby;
- (c) the Trustee shall have failed to act within a reasonable time after such notification, request and provision of indemnity; and

- (d) no direction inconsistent with such written request has been received by the Trustee from Holders of a majority in principal amount of the outstanding Notes.

If a Noteholder has the right to institute proceedings under this Section 10.6, such Noteholder, acting on behalf of itself and all other Noteholders, shall be entitled to commence proceedings in any court of competent jurisdiction in which the Trustee might have commenced proceedings under Section 10.5, but in no event shall any Noteholder or combination of Noteholders have any right to seek any other remedy or institute proceedings out of court. No one or more Noteholders shall have any right in any manner whatsoever to enforce any right under this Indenture or under any Note, except in accordance with the conditions and in the manner provided in this Indenture.

10.7 Application of Money

Except as herein otherwise expressly provided, any money received by the Trustee or a Noteholder pursuant to the provisions of this Section 10.7 or as a result of legal or other proceedings against the Corporation pursuant hereto, or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with other money available to the Trustee for such purpose, as follows:

- (a) first, in payment or in reimbursement to the Trustee of its fees, costs, charges, expenses, borrowings, advances or other amounts furnished or provided by or at the request of the Trustee in or about the administration and execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
- (b) second, subject to the provisions of Section 9.6 and this Section 10.7, in payment of the principal of, and Premium, if any, and accrued and unpaid interest and interest on amounts in default on, the Notes which shall then be outstanding in the priority of principal first and then Premium, if any, and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by an Extraordinary Resolution in respect of the Notes, and in that case in such order or priority as between principal, Premium, if any, and interest as may be directed by such Extraordinary Resolution; and
- (c) third, in payment of the surplus, if any, of such money to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to Section 10.7(b) in respect of the principal of, or Premium, if any, or interest on, any Note which the Trustee knows is held, directly or indirectly, by or for the benefit of the Corporation or any Affiliate of the Corporation (other than any Note pledged for value and in good faith to a Person other than the Corporation or any Affiliate of the Corporation, but only to the extent of such Person's interest therein) until the prior payment in full of the principal of and Premium, if any, and interest on all Notes which are not so held.

10.8 Distribution of Proceeds

Payments to Noteholders pursuant to Section 10.7(b) shall be made as follows:

- (a) at least 15 days' notice of every such payment shall be given in the manner specified in Section 13.2, specifying the time and the place or places at which the applicable Notes are to be presented and the amount of the payment and the application thereof as between principal, Premium, if any, and interest;
- (b) payment in respect of any Note shall be made upon presentation thereof at any one of the places specified in such notice and any such Note thereby paid in full shall be surrendered, but the Trustee may in its discretion dispense with presentation and surrender or endorsement in any case upon such indemnity being given as the Trustee shall consider sufficient;
- (c) from and after the date of payment specified in such notice, interest shall accrue only on the amount owing on each Note after giving credit for the amount of the payment specified in such notice unless the Note in respect of which such amount is owing is duly presented on or after the date so specified and payment of such amount is not made; and
- (d) the Trustee shall not be required to make any payment to Noteholders unless the amount available to it for such purpose, after reserving therefrom such amount as the Trustee may think necessary to provide for the payments referred to in Section 10.7(a), exceeds two per cent of the aggregate principal amount of the Notes in default then outstanding.

10.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee or upon or to the Noteholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law.

10.10 Judgment Against the Corporation

In case of any judicial or other proceedings to enforce the rights of the Noteholders, judgment may be rendered against the Corporation in favour of the Noteholders or in favour of the Trustee, as trustee for the Noteholders, for any amount which may remain due in respect of the Note Indebtedness.

10.11 Immunity of Shareholders, Directors and Officers

The Noteholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future incorporator, shareholder, director, officer, employee or Agent of the Corporation for the payment of the principal of, or Premium, if any, or interest on, any of the Notes or on any

covenant, agreement, representation or warranty by the Corporation herein or contained in the Notes.

ARTICLE 11

CANCELLATION, DISCHARGE AND DEFEASANCE

11.1 Cancellation and Destruction

All Notes surrendered to the Corporation, a Registrar or a Paying Agent for any purpose shall be delivered to the Trustee as soon as reasonably practicable. Each such Note and each Note surrendered to the Trustee shall be cancelled by the Trustee forthwith after all payments required in respect thereof to the date of surrender have been made. Subject to Applicable Law, all Notes cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee in accordance with the Trustee's ordinary practice, and the Trustee shall, at the request of the Corporation, furnish to it a cancellation or destruction certificate in respect of the Notes so cancelled or destroyed.

11.2 Payment of Amounts Due on Maturity

The Corporation shall establish and maintain with the Trustee a segregated trust account ("**Debt Account**") for the Notes. The Debt Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. Prior to 9:00 a.m. (Toronto time) on each Maturity Date for outstanding Notes, the Corporation shall deposit by wire transfer in the Debt Account an amount sufficient to pay the amount payable in respect of the Notes on the Maturity Date (less any taxes required by law to be deducted or withheld). The Trustee shall use the funds deposited in the Debt Account to pay, to the Holder of a Note entitled to receive payment on the Maturity Date, the principal amount of, accrued and unpaid interest, if any, and Premium, if any, on such Note upon surrender of such Note at the Corporate Trust Office or at such other place as shall be designated for such purpose from time to time by the Corporation and the Trustee. The deposit of such amount to the Debt Account shall satisfy and discharge the liability of the Corporation for the Notes to which the deposit relates to the extent of the amount deposited (plus the amount of any taxes required by Applicable Law to be deducted or withheld) and thereafter such Notes shall not to that extent be considered to be outstanding or to have any interest accrue thereon for the benefit of the Holders and the Holders shall have no right with respect thereto other than to receive out of the amount so deposited the respective amounts to which the Holders are entitled upon surrender of such Notes. Failure to make a deposit as required pursuant to this Section 11.2 shall constitute default in payment on the Notes in respect of which the deposit was required to have been made.

11.3 Repayment of Unclaimed Money

Subject to Applicable Law, any amount deposited pursuant to Section 11.2 and not claimed by and paid to the Holders of Notes as provided in Section 11.2 within two years after the later of the date of such deposit and the applicable Maturity Date shall be repaid to the Corporation by the Trustee on written demand provided that the Noteholders are first provided with written notice of any such demand by the Corporation and provided that the Noteholders are given 20 days from the date of such written notice to claim any such amount yet claimed by the

Noteholder, and thereupon the Trustee shall be released from all further liability with respect to such amount and thereafter the Holders of the Notes in respect of which such amount was so repaid to the Corporation shall have no rights in respect thereof and the Corporation shall be discharged from its obligations in respect thereof.

11.4 Discharge

Upon proof being given to the Trustee that the principal of all the Notes and the Premium, if any, thereon and interest (including interest on amounts in default) thereon and other amounts payable hereunder have been paid or satisfied, or that all the outstanding Notes have matured or have been duly called for redemption and such payment or redemption has been duly and effectually provided for by payment to the Trustee or otherwise, and upon payment of all costs, charges and expenses properly incurred by the Trustee in relation to this Indenture and all interest thereon and the remuneration of the Trustee, or upon provision satisfactory to the Trustee being made therefor, the Trustee shall, at the written request and at the expense of the Corporation, execute and deliver to the Corporation such deeds or other instruments as shall be required to evidence the satisfaction and discharge of this Indenture and the Security Documents and to release the Corporation from its covenants herein contained other than those relating to the indemnification of the Trustee.

11.5 Defeasance

The Corporation shall have the right (the "**Defeasance Option**") to be released from the terms of this Indenture relating to the outstanding Notes if requested by the Corporation in a written notice to the Trustee, and upon receipt of such notice the Trustee shall, at the request and expense of the Corporation, execute and deliver to the Corporation such deeds and other instruments as shall be necessary to release the Corporation from the terms of this Indenture relating to the Notes, except those relating to the indemnification of the Trustee, subject to the following:

- (a) the Corporation shall have delivered to the Trustee evidence satisfactory to the Trustee that the Corporation has irrevocably, pursuant to the terms of a trust agreement in form and substance satisfactory to the Corporation and the Trustee:
 - (i) segregated and deposited for the benefit of Holders of Notes sufficient funds for the payment of all principal, Premium, if any, interest and other amounts due or to become due on the Notes to the Stated Maturity thereof;
 - (ii) segregated and deposited for the benefit of the Trustee funds or otherwise made provision for the payment of all remuneration and expenses of the Trustee to carry out its duties under this Indenture in respect of the Notes; and
 - (iii) segregated and deposited funds for the payment of present taxes owing and any taxes arising with respect to all deposited funds or other provision for payment in respect of the Notes;

- (b) the Trustee shall have received an opinion or opinions of Corporation Counsel to the effect that the Holders of the Notes will not be subject to any additional taxes in Canada or the United States as a result of the exercise by the Corporation of the Defeasance Option with respect to such Notes and that such Holders will be subject to taxes, if any, including those in respect of income (including taxable capital gains), on the same amount, in the same manner and at the same time or times as would have been the case if the Defeasance Option had not been exercised in respect of such Notes;
- (c) no Event of Default shall have occurred and be continuing on the date of the deposit referred to in Section 11.5(a);
- (d) such release does not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which the Corporation is a party or by which the Corporation is bound;
- (e) the Corporation shall have delivered to the Trustee an Officer's Certificate stating that the deposits referred to in Section 11.5(a) was not made by the Corporation with the intent of preferring the Holders of the Notes over the other creditors of the Corporation or with the intent of defeating, hindering, delaying or defrauding creditors of the Corporation or others; and
- (f) the Corporation shall have delivered to the Trustee an Officer's Certificate as required pursuant to Sections 14.12 and 14.13, stating that all conditions precedent provided for or relating to the exercise of such Defeasance Option have been complied with.

The Corporation shall be deemed to have made due provision for the depositing of funds if it deposits or causes to be deposited with the Trustee under the terms of an irrevocable trust agreement in form and substance satisfactory to the Corporation and the Trustee (each acting reasonably), solely for the benefit of the Holders of the Notes, money or debt Securities constituting direct obligations of Canada or an agency or instrumentality of Canada or of the United States of America or, which will be sufficient, in the written opinion of a firm of independent chartered accountants or an investment dealer acting reasonably and acceptable to the Trustee, to provide for payment in full when due of the Notes and all other amounts from time to time due and owing under this Indenture which pertain to the Notes.

The Trustee shall hold in trust all money or Securities deposited with it pursuant to this Section 11.5 and shall apply the deposited money and the money derived from such Securities in accordance with this Indenture to the payment of principal of and Premium, if any, and interest on the Notes and, as applicable, other amounts.

If the Trustee is unable to apply any money or Securities in accordance with this Section 11.5 by reason of any legal proceeding or any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the Notes shall be revived and reinstated as though no money or Securities had been deposited pursuant to this Section 11.5 until such time

as the Trustee is permitted to apply all such money or Securities in accordance with this Section 11.5, provided that if the Corporation has made any payment in respect of principal, Premium, if any, or interest on any Notes or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Securities held by the Trustee. The Trustee will promptly provide the Noteholder with written notice if the Corporation exercises the defeasance under this Indenture.

ARTICLE 12

MEETINGS OF NOTEHOLDERS

12.1 Right to Convene Meetings

The Trustee may at any time and from time to time convene a meeting of Noteholders, and the Trustee shall convene a meeting of Noteholders upon receipt of a request of the Corporation or a Noteholders' Request and upon being funded and indemnified to its reasonable satisfaction by the Corporation or by the Noteholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting. If the Trustee fails within 30 days after receipt of any such request and such indemnity and funding to give notice convening a meeting, the Corporation or such Noteholders, as the case may be, may convene such meeting. Every such meeting shall be held in Toronto, Ontario, or at such other place as may be approved or determined by such of the Trustee, the Corporation or the Noteholders as convened the meeting in accordance with this Section 12.1.

12.2 Notices of Meetings

Notice of a meeting of Noteholders shall be given to the Noteholders in the manner specified in Section 13.2 at least 21 days prior to the date of the meeting, and a copy of any notice sent by mail to Noteholders shall be sent by mail to the Trustee (unless the meeting has been called by it) and to the Corporation (unless the meeting has been called by it). A notice of a meeting of Noteholders shall state the time and place at which the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat, and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this ARTICLE 12.

12.3 Chairman

The Noteholders present in person or represented by proxy shall choose an individual present to be the chairman of the meeting.

12.4 Quorum

Subject to the provisions of Section 12.12, the quorum for a meeting of Noteholders shall be the Holder or Holders, present in person or represented by proxy, of at least 25% of the aggregate principal amount of the Notes then outstanding. If a quorum is not present within 30 minutes from the time fixed for the holding of a meeting, the meeting, if convened by the Noteholders, 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 thereafter) at the same time and place, and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Noteholders present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent at least 25% of the aggregate principal amount of the Notes then outstanding.

12.5 Power to Adjourn

The chairman of a meeting at which a quorum of Noteholders is present may, with the consent of the Holder or Holders of a majority of the aggregate principal amount of the Notes present or represented thereat, adjourn such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

12.6 Show of Hands

Except as otherwise provided in this Indenture, every resolution submitted to a meeting shall be decided by a majority of the votes cast on a show of hands, and unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

12.7 Poll

On every resolution proposed to be passed as an Extraordinary Resolution and on any other resolution submitted to a meeting in respect of which the chairman of the meeting or one or more Noteholders or proxyholders for Noteholders holding at least C.\$10,000 principal amount of Notes demands a poll, a poll shall be taken in such manner and either at once or after an adjournment as the chairman of the meeting shall direct.

12.8 Voting

On a show of hands, every Person who is present and entitled to vote, whether as a Noteholder or as proxyholder for one or more Noteholders or both, shall have one vote. On a poll each Noteholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each C.\$1,000 principal amount of Notes held by such Noteholder on the record date fixed for the meeting. A proxyholder need not be a Noteholder. In the case of joint Holders of a Note, any one of them present in person or represented by proxy at the meeting may vote in the absence of the other or others, but if more than one of them are present in person or represented by proxy, they shall vote together in respect of the Notes of which they are joint Holders. Subject to the provisions of Section 12.9, in the case of Notes held by a Person other than an individual, an officer or representative of such Person may vote the Notes held by it unless there shall be more than one officer or representative of such Person present at the meeting, and those officers or individuals present do not agree on how the Notes may be voted, in which case a written proxy shall be required to determine who may vote the Notes and how such Notes are to be voted.

In the case of a Global Note, the Depository may appoint or cause to be appointed a Person or Persons as proxies and shall designate the number of votes entitled to each such

Person, and each such Person shall be entitled to be present at any meeting of Noteholders and shall be the Persons entitled to vote at such meeting in accordance with the number of votes set out in the Depository's designation.

12.9 Regulations

The Trustee, or the Corporation with the approval of the Trustee, may from time to time make and from time to time vary such regulations as it shall from time to time think fit providing for or governing the following:

- (a) voting by proxy by Noteholders, the form of the instrument appointing a proxyholder (which shall be in writing) and the manner in which it may be executed, and the authority to be provided by any Person signing a proxy on behalf of a Noteholder;
- (b) the deposit of instruments appointing proxyholders at such place as the Trustee, the Corporation or the Noteholders convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same shall be deposited; and
- (c) the deposit of instruments appointing proxyholders at an approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxyholders to be provided before the meeting to the Corporation or to the Trustee at the place at which the meeting is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Except as such regulations may provide, the only Persons who shall be recognized at a meeting as the Holders of any Notes, or as entitled to vote or be present at the meeting in respect thereof, shall be registered Noteholders and Persons whom registered Noteholders have by instrument in writing duly appointed as their proxyholders.

12.10 Corporation and Trustee May Be Represented

The Corporation and the Trustee, by their respective officers, directors and employees, and the legal and business advisers of the Corporation and the Trustee may attend any meeting of the Noteholders, but shall have no voting rights.

12.11 Powers Exercisable by Noteholders by Extraordinary Resolution

Subject to the provisions of Sections 10.4 of this Indenture, the following powers of the Noteholders shall be exercisable from time to time only by Extraordinary Resolution:

- (a) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Noteholders or any of them (including, for greater certainty, power to extend the time for completion of a purchase on a Change of

Control contemplated by ARTICLE 6 or on a mandatory redemption contemplated by ARTICLE 7), or, subject to the Trustee's prior consent, the Trustee against the Corporation or against its property, assets or undertaking, whether such rights arise under this Indenture or the Notes or otherwise, provided that such sanctioned actions are not prejudicial to the Trustee;

- (b) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture which shall be agreed to by the Corporation and to authorize the Trustee to concur in and execute any Supplemental Indenture embodying any modification, change, addition or omission;
- (c) power to sanction any scheme for the reconstruction or reorganization of the Corporation or for the consolidation, amalgamation or merger of the Corporation with or into any other Person or for the sale, leasing, transfer or other disposition of the undertaking, property and assets of the Corporation or any part thereof, provided that no such sanction shall be necessary in respect of any transaction which is not subject to any restriction in ARTICLE 9;
- (d) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution (subject to the Trustee being sufficiently funded and indemnified to its reasonable satisfaction) or to refrain from exercising any such power, right, remedy or authority;
- (e) power to waive and direct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 10.3 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (f) power to restrain any Noteholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal of, or interest or Premium, if any, on, any Notes or for the purpose of executing any trust or power hereunder;
- (g) power to direct any Noteholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 10.6, of the costs, charges and expenses reasonably and properly incurred by such Noteholder in connection therewith;
- (h) power to remove the Trustee at any time;
- (i) power to assent to or sanction any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other Securities of the Corporation; and
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to

direct the Trustee to exercise, on behalf of the Noteholders, such of the powers of the Noteholders as are exercisable by Extraordinary Resolution or otherwise as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee and the Trustee. Such committee shall consist of such number of individuals as shall be prescribed in the resolution appointing it and the members need not be Noteholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Noteholders. Neither the committee nor any member thereof nor the Trustee shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

- (k) extend the fixed maturity of, or alter the redemption provisions of, the Notes;
- (l) change the currency in which the Notes or any Premium, if any, or interest thereon is payable;
- (m) reduce the percentage in principal amount at maturity outstanding of the Notes that must consent to an amendment, supplement or waiver or consent to take any action under this Indenture or the Notes;
- (n) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes;
- (o) waive a default in payment with respect to the Notes;
- (p) reduce the rate or extend the time for payment of interest on the Notes;
- (q) affect the ranking of the Notes in a manner adverse to the Holder of the Notes; or
- (r) make any changes to this Indenture or the Notes that could result in the Corporation being required to make any withholding or deduction from payments made under or with respect to the Notes.

Except as otherwise provided in this Indenture, all other powers of and matters to be determined by the Noteholders may be exercised or determined from time to time by Ordinary Resolution.

12.12 Meaning of Ordinary Resolution

The expression "**Ordinary Resolution**" when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an ordinary resolution at a meeting of Noteholders, as the case may be, duly convened for the purpose and held in

accordance with the provisions of this ARTICLE 12 at which a quorum of Noteholders is present and passed by the affirmative votes of Noteholders present in person or represented by proxy at the meeting who hold more than 50% of the aggregate principal amount of the Notes voted in respect of such resolution.

12.13 Meaning of Extraordinary Resolution

The expression "**Extraordinary Resolution**" when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an extraordinary resolution at a meeting of Noteholders, duly convened for the purpose and held in accordance with the provisions of this Section at which the Holders of at least 51% of the aggregate principal amount of the Notes then outstanding are present in person or represented by proxy and passed by the affirmative votes of Noteholders present in person or represented by proxy at the meeting who hold not less than 66 2/3% of the aggregate principal amount of the Notes voted in respect of such resolution.

If, at any such meeting, the Holders of at least 51% of the aggregate principal amount of the Notes then outstanding are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Noteholders, shall be dissolved, but in any other case the meeting shall stand adjourned to such date, being not less than 21 nor more than 60 days later, and to such place and time as may be appointed by the chairman of the meeting. Notice of the time and place that such adjourned meeting is to be reconvened shall be given to the Noteholders in the manner specified in Section 12.2 at least 10 days prior to the date the adjourned meeting is to be reconvened. Such notice shall state that at the adjourned meeting the Noteholders present in person or represented by proxy shall constitute 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 Noteholders present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened, and a resolution proposed to be passed as an extraordinary resolution at such adjourned meeting and passed by the requisite vote as provided in this Section 12.13 shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the Holders of at least 51% of the aggregate principal amount of the Notes then outstanding are not present in person or represented by proxy at such adjourned meeting.

12.14 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Noteholders 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 rights of the Noteholders to exercise the same or any other such power or powers or combination of powers thereafter from time to time.

12.15 Minutes

Minutes of all resolutions and proceedings at every meeting of Noteholders shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the

expense of the Corporation, and any such minutes, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Noteholders, shall be prima facie evidence of the matters therein stated and, unless the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings had shall be deemed to have been duly passed and had.

12.16 Instruments in Writing

All actions which may be taken and all powers which may be exercised by the Noteholders at a meeting held as provided in this ARTICLE 12 may also be taken and exercised by an instrument in writing signed in one or more counterparts by the Holders of more than 50%, in the case of an Ordinary Resolution, or not less than 66 2/3%, in the case of an Extraordinary Resolution, of the aggregate outstanding principal amount of the Notes, and the expressions "Ordinary Resolution" and "Extraordinary Resolution" when used in this Indenture shall include any instrument so signed.

12.17 Binding Effect of Resolutions

Every resolution passed in accordance with the provisions of this ARTICLE 12 at a meeting of Noteholders shall be binding upon all the Noteholders, whether present at or absent from such meeting, and every instrument in writing signed by Noteholders in accordance with Section 12.16 shall be binding upon all the Noteholders, whether signatories thereto or not, and each and every Noteholder and the Trustee (subject to the provisions for its remuneration, indemnification and protection herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

12.18 Record Dates

If the Corporation shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other action, the Corporation may, at its option, by or pursuant to a Certified Resolution, fix in advance a record date for the determination of such Holders entitled to provide such request, demand, authorization, direction, notice, consent, waiver or other action, but the Corporation shall have no obligation to do so. Any such record date shall be the record date specified in or pursuant to such Certified Resolution.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Notes then outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for this purpose the Notes then outstanding shall be computed as of such record date.

ARTICLE 13

NOTICES

13.1 Notice to the Corporation

Any notice to the Corporation under the provisions hereof shall be valid and effective if delivered to the Chief Financial Officer of the Corporation or if sent by facsimile transmission (with receipt confirmed) to the attention of the Chief Financial Officer of the Corporation at Alange Energy Corp., 333 Bay Street, Suite 1100, Toronto, Ontario M5H 2R2, fax: (416) 360-7783, and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Corporation may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Corporation for all purposes of this Indenture.

13.2 Notice to Noteholders

Unless otherwise expressly provided in this Indenture, any notice to Noteholders under the provisions hereof shall be valid and effective if it is delivered, sent by electronic communication or mailed postage prepaid, addressed to such Noteholders, at their addresses or electronic communication numbers, if any, appearing in the Register and, subject as provided in this Section 13.2, shall be deemed to have been received at the time of delivery or sending by electronic communication or on the fifth Business Day after the day on which it was mailed. Any notice made by delivery or sent by electronic communication on a day other than a Business Day, or after 4:00 p.m. (Toronto time) on a Business Day, shall be deemed to be received on the next following Business Day. All notices to joint Holders of any Notes may be given to whichever one of the Holders thereof is named first in the Register, and any notice so given shall be sufficient notice to all holders of such Note. In the event of a postal disruption, notice to Noteholders shall be given or sent by other appropriate means.

13.3 Notice to the Trustee

Any notice to the Trustee under the provisions hereof shall be valid and effective if delivered to the Trustee at 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1, Attention: Corporate Trust Department, fax no: (416) 361-0470, or if sent by facsimile transmission (with receipt confirmed) to and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Trustee may from time to time notify the Corporation of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Trustee for all purposes of this Indenture.

13.4 When Publication Not Required

If at any time a notice is required by this Indenture to be published in a particular city and no newspaper of general circulation is then being published and circulated on a daily basis in that city, the Corporation shall not be required to publish such notice in that city.

13.5 Waiver of Notice

Any notice provided for in this Indenture may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waivers.

ARTICLE 14 CONCERNING THE TRUSTEE

14.1 Corporate Trustee Required Eligibility

The Trustee shall at all times be a corporation organized under the laws of Canada or any province thereof and represents to the Corporation that at the date of execution and delivery by it of this Indenture, it is duly authorized and qualified to carry on the business of a trust company in each of Ontario, British Columbia, Alberta, Quebec, Nunavut and Saskatchewan. If at any time the Trustee shall cease to be eligible in accordance with this ARTICLE 14, it shall resign immediately in the manner and with the effect hereinafter specified in this ARTICLE 14.

14.2 Certain Duties and Responsibilities of Trustee

In the exercise of the rights, powers and duties prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances and with a view to the best interests of the Noteholders hereunder, and shall duly observe and comply with the provisions of any legislation and regulations which relate to the functions or role of the Trustee as a fiduciary hereunder. The duties and obligations of the Trustee shall be determined solely by the provisions hereof and, accordingly, the Trustee shall not be responsible except for the performance of such duties and obligations as they have undertaken herein. None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers nor shall the Trustee be so compelled pursuant to any provisions contained in this Indenture.

For greater certainty, it is hereby confirmed that the performance or discharge by the Trustee of any of its rights, powers, duties or responsibilities hereunder shall be construed in accordance with the laws of Ontario and the laws of Canada applicable therein and wherever it applies to the Trustee, the term "Applicable Law" shall be construed accordingly. For greater certainty, no provisions of this Indenture shall be construed to relieve the Trustee against liability for its own negligence, wilful misconduct or fraud.

The Trustee, upon the occurrence or at any time during the continuance of any act, action or proceeding, may require the Noteholders at whose instance it is acting to deposit with it any Notes held by them, for which Notes the Trustee shall issue receipts.

Notwithstanding any other provisions of this Indenture to the contrary, every provision of this Indenture that by its terms relieves the Trustee of liability or entitles the Trustee to rely or act

upon any evidence submitted to it is subject to the provisions of applicable legislation, this Section 14.2 and Section 14.3.

No provision of this Indenture shall operate to confer any obligation, duty or power on the Trustee in any jurisdiction in which it does not have the legal capacity required to assume, hold or carry out such obligation, duty or power. For the purposes of this Section 14.2, legal capacity includes, without limitation, the capacity to act as a fiduciary in such jurisdiction.

14.3 No Conflict of Interest

- (a) The Trustee represents to the Corporation that at the date of the execution and delivery of this Indenture there exists no material conflict of interest in the Trustee's role as a fiduciary hereunder and the Trustee's role in any other capacity. If at any time a material conflict of interest exists in respect of the Trustee's role as a fiduciary under this Indenture that is not eliminated within three months after the Trustee becomes aware that such a material conflict of interest exists, the Trustee shall resign from the trusts under this Indenture by giving notice in writing of such resignation and the nature of such conflict to the Corporation at least 21 days prior to the date upon which such resignation is to take effect, and shall on such date be discharged from all further duties and liabilities hereunder. The validity and enforceability of this Indenture and any Notes shall not be affected in any manner whatsoever by reason only of the existence of a material conflict of interest of the Trustee.
- (b) If at any time the Trustee fails to comply with the provisions of Section 14.3(a), the Trustee shall within 10 days after the expiration of the 90-day period referred to therein, transmit notice of such failure to the Holders in the manner provided for notices to the Holders in Section 13.2.

14.4 Conditions Precedent to Trustee's Obligation to Act

The Trustee shall not be bound to give any notice or take any action or proceeding unless it is required to do so under the terms of this Indenture. The Trustee shall not be required to take notice of an Event of Default under this Indenture, other than in respect of payment of any money required by any provision of this Indenture to be paid to it, unless and until the Trustee is notified in writing of such Event of Default by any Noteholder or the Corporation, of such Event of Default. In the absence of such written notice the Trustee may for all purposes of this Indenture assume that no Event of Default has occurred.

The obligation of the Trustee to commence or continue any act, action or proceeding under this Indenture shall be conditional upon its receipt of the following:

- (a) an Extraordinary Resolution, Ordinary Resolution, Noteholders' Request, requisition in writing, or such other notice or direction as is required pursuant to this Indenture, specifying the action or proceeding which the Trustee is requested, directed or authorized to take;
- (b) sufficient funds to commence or continue such act, action or proceeding; and

- (c) an indemnity satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges, expenses and liabilities to be incurred thereby and any loss and damages it may suffer by reason thereof.

14.5 Resignation and Removal; Appointment of Successor

- (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Section 14.5 shall become effective until the acceptance of appointment by the successor Trustee under Section 14.6.
- (b) The Trustee may resign at any time by giving 60 days' written notice thereof to the Corporation. If an instrument of acceptance by a successor Trustee shall not have been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.
- (c) The Trustee may be removed at any time by an Extraordinary Resolution of the Noteholders.
- (d) If at any time:
 - (i) the Trustee shall fail to comply with the provisions of Section 14.3, or
 - (ii) the Trustee shall cease to be eligible under Section 14.1 and shall fail to resign after written request therefor by the Corporation or by any Holder who has been a bona fide Noteholder for at least six months, or
 - (iii) the Trustee shall become incapable of acting or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case,

- (A) the Corporation by a Certified Resolution may remove the Trustee, or
 - (B) in the case of clause (i) above, a Noteholder and any other interested party, and in the case of clauses (ii) and (iii) above, any Noteholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.
- (e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Corporation, by a Certified Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such

vacancy, a successor Trustee shall be appointed by Ordinary Resolution of the Noteholders, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with Section 14.6, become the successor Trustee and supersede the successor Trustee appointed by the Corporation. If no successor Trustee shall have been so appointed by the Corporation or the Holders of the Notes and so accepted such appointment, a Noteholder may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee. Any successor Trustee appointed under any provision of this Section 14.5 shall be a corporation authorized to carry on the business of a trust company in all of the provinces of Canada.

- (f) The Corporation shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by registered mail, postage prepaid, to the Noteholders as their names and addresses appear in the Register. Alternatively, the Corporation may give such notice pursuant to a bulletin issued by CDS. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

14.6 Acceptance of Appointment by Successor

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Corporation and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, upon written request of the Corporation or the successor Trustee, such retiring Trustee shall, upon payment of all amounts due it under Section 9.5, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder subject to the claim provided for in Section 9.5. Upon request of any such successor Trustee, acting reasonably, the Corporation shall execute any and all deeds, conveyances or instruments for more fully and certainly vesting in and confirming to it such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this ARTICLE 14.

14.7 Trustee May Deal in Notes

The Trustee may buy, sell, lend upon and deal in the Notes and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

14.8 No Person Dealing with Trustee Need Inquire

No Person dealing with the Trustee shall be required to inquire as to whether the powers that the Trustee is purporting to exercise have become exercisable, or whether any amount remains due upon the Notes or to see to the application of any amount paid to the Trustee.

14.9 Investment of Money Held by Trustee

Unless otherwise provided in this Indenture (including the provisions of Section 14.5), and subject to the provisions of the Escrow Agreement, any funds held by the Trustee under the trusts of this Indenture shall be deposited in a trust account in the name of the Trustee, (i) in any Canadian chartered bank at the rate of interest (if any) then current on similar deposits, or (ii) in the deposit department of the Trustee at the Trustee's prevailing rate for all moneys held by it as may change from time to time, which account shall be interest-bearing unless otherwise agreed by the Corporation. Upon the written direction of the Corporation, the Trustee shall invest such funds in Authorized Investments in its name and in accordance with such direction. Any direction by the Corporation to the Trustee as to the investment of funds shall be in writing and shall be provided to the Trustee not later than 9:00 a.m. (Toronto time) on the Business Day on which the investment is to be made. Any such direction received by the Trustee after 9:00 a.m. (Toronto time) or received on a day which is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day. The Trustee shall not be held liable for any losses incurred in the investment of any funds in Authorized Investments.

All interest or other income received by the Trustee in respect of any investment or deposit made pursuant to the provisions of this Section 14.9 shall belong to the Corporation, and unless and until the Trustee shall have declared the principal of and Premium, if any, and interest on the Notes to be due and payable, the Trustee shall pay over to the Corporation all such interest and other income forthwith upon receipt thereof by the Trustee

14.10 Trustee Not Required to Give Security

The Trustee 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 this Indenture.

14.11 Trustee Not Required to Possess Notes

All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Notes or the production thereof on any trial or other proceedings relative thereto.

14.12 Evidence of Compliance

The Corporation shall furnish to the Trustee forthwith evidence of compliance with the conditions specified in this Indenture relating to the issue, certification, authentication and delivery of Notes hereunder, the satisfaction and discharge of this Indenture or the taking of any other action to be taken by the Trustee at the request of or on the application of the Corporation. Such evidence shall consist of:

- (a) an Officer's Certificate addressed to the Trustee stating that such conditions have been complied with in accordance with the terms of this Indenture and Applicable Law; and
- (b) in the case of conditions, compliance with which are by this Indenture subject to review or examination by Corporation Counsel, an opinion of Corporation

Counsel addressed to the Trustee that such conditions have been complied with in accordance with the terms of this Indenture, including any statements required by Applicable Law.

14.13 Form of Evidence

Evidence furnished to the Trustee, which relates to a matter other than the issue, certification and delivery of Notes or the satisfaction and discharge of this Indenture or the compliance with a particular term of the Indenture which specifies more particularly the nature of evidence required for compliance, may consist of or otherwise be in accordance with a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by such Person, but if such report or opinion is furnished by a Director, officer or employee of the Corporation it shall be in the form of a statutory declaration or a certificate.

Evidence furnished to the Trustee pursuant to Section 14.12 or this Section 14.13 shall include:

- (a) a statement by the Person giving the evidence declaring that such Person has read and understands the provisions hereof relating to the conditions precedent with respect to compliance with which such evidence is being given;
- (b) a statement describing the nature and scope of the examination or investigation upon which the statements or opinions contained in the evidence are based;
- (c) a statement declaring that, in the belief of the Person giving the evidence, such Person has made such examination or investigation as is necessary to enable such Person to make the statements or give the opinions contained or expressed therein; and
- (d) a statement permitting and acknowledging reliance thereon by Holders.

14.14 Certain Rights of Trustee

Subject to the provisions of Section 14.2,

- (a) the Trustee may, acting in good faith, conclusively act and rely as to the truth of the statements and correctness of the opinions expressed in, shall not be bound to make any investigation into the facts or matters of, and shall be fully protected in acting or relying or refraining from acting upon, any resolution, certificate, statement, statutory declaration, instrument, opinion, report, notice, request, direction, consent, order, bond, Note, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;
- (b) any request or order of the Corporation shall be sufficiently evidenced by a request or order in writing and signed by any officer of the Corporation, any resolution of the Directors shall be sufficiently evidenced by a Certified

Resolution, and the Trustee may conclusively act and rely on any such request, order or Certified Resolution;

- (c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, rely and act upon an Officer's Certificate;
- (d) the Trustee at the expense of the Corporation may consult with Trustee Counsel and such other experts and advisers as the Trustee believes are necessary to enable it to determine and discharge its duties hereunder, and the advice or opinion of the Trustee Counsel, experts or advisers shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;
- (e) the Trustee shall not be under any obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Noteholders pursuant to this Indenture unless such Noteholders shall have offered to the Trustee sufficient funding and indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, and provisions of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 14.14(e);
- (f) no duty shall rest with the Trustee to determine compliance of the transferor or the transferee with applicable securities laws; and
- (g) no duty shall rest with the Trustee to determine compliance by the transferor or transferee with applicable securities laws.

14.15 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or with which it may be amalgamated or consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this ARTICLE 14, without the need for execution or filing of any specific instrument or any further act on the part of any of the parties hereto to evidence same.

14.16 Action by Trustee to Protect Interests

The Trustee shall have power to institute and maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Noteholders.

14.17 Protection of Trustee

The Corporation hereby indemnifies and saves harmless the Trustee and its directors, officers and employees (each in this paragraph, an "**Indemnified Persons**") from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages, taxes (other than income or capital taxes), penalties and liabilities whatsoever brought against or incurred by the Trustee (collectively in this paragraph, "**Claims**"), which it may suffer or incur as a result of or arising in connection with the performance of its duties and obligations under this Indenture, including any and all legal fees and disbursements of whatever kind or nature, except that no Indemnified Person shall be entitled to indemnification in respect of a Claim resulting from the gross negligence, fraud, wilful misconduct, or the failure of the Trustee to perform its obligations in accordance with Section 14.2. This indemnity shall survive the removal or resignation of the Trustee under this Indenture and the termination of this Indenture.

The Trustee shall not be liable for or by reason of any statements of fact in this Indenture or in the Notes (except for the representations contained in Sections 14.3 and in the certificate of the Trustee on the Notes) or required to verify such statements, and all such statements are and shall be deemed to be made by the Corporation.

The Trustee shall not be bound to give notice to any Person of the execution of this Indenture.

The Trustee shall not incur any liability or responsibility whatever or in any way be responsible for the consequence of any breach on the part of the Corporation of any of the covenants contained in this Indenture or in any Notes or of any acts of the agents or employees of the Corporation.

Neither the Trustee nor any Affiliate of the Trustee shall be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

Nothing in this Indenture shall impose on the Trustee any obligation to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental to this Indenture in any jurisdiction.

The Trustee shall not:

- (a) be responsible or liable for any debts contracted by it, for damages to persons or property, for salaries, or for non-fulfilment of contracts in any period during which the Trustee is managing or in possession of assets of the Corporation;
- (b) be liable to account as mortgagee in possession or for anything other than actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable;
- (c) be bound to do, observe or perform or to see to the observance of performance by the Corporation of any obligations or covenants imposed upon the Corporation; or

- (d) in the case of any chattel paper, security or instrument, be obligated to preserve rights against any other Persons,

and the Corporation waives any provision of Applicable Law permitted to be waived by it which imposes higher or greater obligations upon the Trustee.

The Trustee shall not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any security deposited with it.

The Trustee shall not incur any liability with respect to the delivery or non-delivery of any certificate or certificates whether delivered by hand, mail or any other means.

The Trustee shall not be responsible for ensuring that the proceeds from the sale of Notes are used in a manner contemplated by any prospectus pursuant to which such Notes were offered or sold. The Trustee will not be required to expend or risk its own funds or otherwise incur financial liability.

The Corporation hereby indemnifies and holds harmless the Trustee, its directors, officers, employees, and agents, and all of their respective representatives, heirs, successors and assigns (collectively in this and the next paragraph the "**Indemnified Parties**") against any loss, expenses, claim, proceedings, judgment, liability or asserted liability (including strict liability and including costs and expenses of abatement and remediation of spills or releases of contaminants and including liabilities of the Indemnified Parties to third parties (including governmental agencies) in respect of bodily injuries, property damage, damage to or impairment of the environment or any other injury or damage and including liabilities of the Indemnified Parties to third parties for the third parties' foreseeable and unforeseeable consequential damages) incurred as a result of:

- (e) the administration of the trust created hereby;
- (f) the exercise by the Trustee of any rights hereunder or under the Security Documents which create an interest in property (in this paragraph, "**Mortgaged Property**");

which result from or relate, directly or indirectly, to:

- (i) the presence or release of any contaminants, by any means or for any reason, on the Mortgaged Property, whether or not release or presence of the contaminants was under the control, care or management of the Corporation or of a previous owner, or of a tenant;
- (ii) any contaminant present on or released from any contiguous property to the Mortgaged Property; or
- (iii) the breach or alleged breach of any Environmental Laws by the Corporation.

For purposes of the previous paragraph, "**liability**" shall include (i) liability of an Indemnified Party for costs and expenses of abatement and remediation of spills and releases of contaminants, (ii) liability of an Indemnified Party to a third party to reimburse the third party for bodily injuries, property damages and other injuries or damages which the third party suffers, including (to the extent, if any, that the Indemnified Party is liable therefor) foreseeable and unforeseeable consequential damages suffered by the third party and (iii) liability of the Indemnified Party for damage suffered by the third party, (iv) liability of an Indemnified Party for damage to or impairment of the environment and (v) liability of an Indemnified Party for court costs, expenses of alternative dispute resolution proceedings, and fees and disbursements of expert consultants and legal counsel on a solicitor and client basis.

14.18 Trustee Not Liable in Respect of Depository

The Trustee shall not have any liability whatsoever for:

- (a) any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes held by and registered in the name of a Depository or any BEO Participant;
- (b) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or
- (c) any advice or representation made or given by or with respect to a Depository and made or given herein with respect to rules of such Depository or any action to be taken by a Depository or at the direction of a BEO Participant.

14.19 Global Notes

Notes issued to a Depository in the form of a Global Note shall be subject to the following:

- (a) the Trustee may deal with the Depository as the authorized representative of the beneficial owners of such Notes;
- (b) the rights of the beneficial owners of such Notes shall be exercised only through such Depository;
- (c) such Depository will make book-entry transfers among the BEO Participants and will receive and transmit distributions of principal, Premium, if any, and interest on the Notes to the BEO Participants; and
- (d) the BEO Participants shall have no rights under this Indenture or under or with respect to any of the Notes held on their behalf by such Depository, and the Depository may be treated by the Trustee and its agents, employees, officers and directors as the absolute owner of the Notes represented by such Global Note for all purposes whatsoever.

14.20 Trustee Appointed Attorney

The Corporation hereby irrevocably appoints the Trustee to be the attorney of the Corporation in the name and on behalf of the Corporation to execute any documents and to do any acts and things which the Corporation ought to execute and do, and has not executed or done, under the covenants and provisions contained in this Indenture and generally to use the name of the Corporation in the exercise of all or any of the powers hereby conferred on the Trustee, with full powers of substitution and revocation.

14.21 Acceptance of Trusts

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions set forth in this Indenture and in trust for the Noteholders from time to time, subject to the terms and conditions of this Indenture.

14.22 No Liability for Certain Deposited Monies

The Trustee will bear no liability for monies deposited other than with the Trustee. The Trustee will disburse monies according to this Indenture only to the extent that monies have been deposited with it.

14.23 Third Party Interests

Each party to this Indenture hereby represents to the Trustee that any account to be opened by, or interest to held by, the Trustee in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Trustee's prescribed form as to the particulars of such third party.

14.24 Trustee Not Bound to Act

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

14.25 Privacy Laws

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Indenture. Despite any other provision of this Indenture,

neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

ARTICLE 15 SECURITY

15.1 Corporation's Security

To secure the due payment of all Note Indebtedness, and the performance by the Corporation of its obligations contained in the Indenture Documents to which it is a party, the Corporation shall execute and deliver to the Trustee, and cause the Restricted Subsidiaries to execute and deliver to the Trustee, for the benefit of the Noteholders, the Security Documents and shall grant a Lien in all of its property, assets and undertaking, as contemplated by the Security Documents.

15.2 Registration of the Security

The Corporation shall, and shall cause the Restricted Subsidiaries to, at its expense, register, file or record or give notice of (or cause to be registered, filed, recorded or given notice of) the Security Documents in all offices where such registration, filing or recording is reasonably necessary or of reasonable advantage to the creation, perfection and preserving of the security constituted thereby including, without limitation, any applicable land or personal property registry offices. The Corporation shall (at the expense of the Corporation) renew or cause to be renewed such registrations, filings and recordings from time to time as and when required to keep them in full force and effect until all Note Indebtedness is satisfied in full. The Trustee shall have the right to amend any such registrations, filings or recordings to reflect any changes in Applicable Law, whether arising as a result of statutory amendments, court decisions or otherwise, in order to confer upon the Trustee (for the benefit of the Noteholders) the Liens intended to be created thereby, except that in no event shall the Trustee effect any such amendment if the result thereof would be to grant the Trustee or the Noteholders greater rights than is otherwise contemplated herein.

15.3 After Acquired Property and Further Assurances

The Corporation shall, from time to time, upon the request of the Trustee (as directed by an Ordinary Resolution), execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge as may be required to ensure that any additional interests in any assets that are C Block Assets acquired by the Corporation after the date hereof are subject to the security interests created pursuant to the Security Documents in the manner contemplated hereby.

15.4 Partial Discharges

Upon any sale or transfer permitted under this Indenture of any assets subject to the Liens created by the Security Documents, the Trustee shall, at the request and expense of the Corporation, execute and deliver to the Corporation such deeds or other instruments as may be necessary to release such asset from the Liens created by the Security Documents provided that such deeds or other instruments are in form and substance satisfactory to the Trustee and the Trustee Counsel, both acting reasonably. For greater certainty, it is hereby acknowledged that the sale or transfer by the Corporation or any of its Subsidiaries of the property, assets and undertaking comprising the Yamu Block located in Colombia is expressly permitted under this Indenture and upon such sale or transfer, the Trustee shall release such property, assets and undertaking from the Liens created by any Security Document (and all proceeds in any form derived directly or indirectly from any dealing with such property, assets and undertaking) as aforesaid.

15.5 Priorities

To the extent that there is any inconsistency between the terms of this Indenture and the terms contained in any Security Document, the terms contained in the Indenture shall be applicable to the Notes.

ARTICLE 16 SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

From time to time the Trustee and, when authorized by a resolution of its Directors, the Corporation may, without the consent of any Noteholder, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers Supplemental Indentures, which thereafter shall form part of this Indenture, for any one or more of the following purposes:

- (a) to evidence the succession, or successive successions, of successors to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture or any Supplemental Indenture;
- (b) to add to the covenants of the Corporation or those of any other obligor of the Notes in the Indenture, any Supplemental Indenture, the Security Documents or in the Notes for the benefit of the Noteholders, including all consequential amendments to the Indenture, or to surrender any right or power conferred upon the Corporation or any other obligor of the Notes in the Indenture, any Supplemental Indenture, the Security Documents or in the Notes for the benefit of the Noteholders;
- (c) to cure or correct any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Indenture any Supplemental Indenture, the Security Documents or in the Notes, provided that the rights of the Noteholders are not adversely affected in any material respect and for purposes

hereof the Trustee may rely on the advice of Corporation Counsel or Trustee Counsel, in the discretion of the Trustee;

- (d) to make any other changes with respect to matters or questions arising under the Indenture, the Supplemental Indenture, the Security Documents or the Notes; provided that the rights of the Noteholders are not adversely affected in any material respect and for purposes hereof the Trustee may rely on the advice of Corporation Counsel or Trustee Counsel, in the discretion of the Trustee;
- (e) to evidence and provide the acceptance of the appointment of a successor trustee under the Indenture or Supplemental Indenture and pursuant to the terms hereof;
- (f) to comply with the rules of the Depository or with any requirement of any Canadian securities regulator or the Securities and Exchange Commission with respect to the Indenture, any Supplemental Indenture, the Security or the Notes;
- (g) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the Noteholders as additional security for the payment and performance of the Corporation's obligations under this Indenture or any Supplemental Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee pursuant to the Indenture or otherwise;
- (h) to give effect to any Extraordinary Resolution or Ordinary Resolution; and
- (i) to provide for the issuance of Additional Notes in accordance with and if permitted by the terms and limitations set forth in this Indenture or any Supplemental Indenture.

The Trustee may also, in reliance on the advice of Corporation Counsel or Trustee Counsel, in the discretion of the Trustee, without the consent or concurrence of the Noteholders, by Supplemental Indenture or otherwise, concur with the Corporation in making any changes or corrections in this Indenture, any Supplemental Indenture, the Security or the Notes.

16.2 Effect of Supplemental Indentures

Upon the execution of any Supplemental Indenture relating to some or all Notes, this Indenture shall be modified in accordance therewith, such Supplemental Indenture shall form a part of this Indenture for all purposes in relation to such Notes, and every Holder of such Notes shall be bound thereby. Any Supplemental Indenture providing for the issue of Notes may contain terms which add to, modify or negate any of the terms contained in this Indenture in relation to the Notes to be so issued, and to the extent that there is any inconsistency between the terms of this Indenture and the terms contained in a Supplemental Indenture, the terms contained in the Supplemental Indenture shall be applicable to the Notes unless otherwise indicated in such Supplemental Indenture; provided that no provision in a Supplemental Indenture shall adversely affect the rights of holders of Notes.

16.3 Execution of Supplemental Indentures

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Indenture or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in acting and relying upon, an opinion of Corporation Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture and that the rights of the Noteholders are not adversely affected in any material respect. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE 17 EVIDENCE OF RIGHTS OF NOTEHOLDERS

17.1 Evidence of Rights of Noteholders

Any instrument which this Indenture may require or permit to be signed or executed by the Noteholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Noteholders in person or by attorney duly appointed in writing. Proof of the execution of any such instrument, or of a writing appointing any such attorney or of the holding by any Person of Notes shall be sufficient for any purpose of this Indenture if the fact and date of the execution by any Person of such instrument or writing are proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded at the place at which such certificate is made that the Person signing such request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, or in any other manner which the Trustee may consider adequate.

The Trustee may, nevertheless, in its discretion, require further proof when it deems further proof desirable or may accept such other proof as it shall consider proper.

The ownership of Notes shall be proved by the Register as herein provided.

ARTICLE 18 EXECUTION AND FORMAL DATE

18.1 Counterpart Execution

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.

18.2 Formal Date

For the purpose of convenience, this Indenture may be referred to as bearing the formal date of May 5, 2011, irrespective of the actual date of execution hereof.

[SIGNATURE PAGE FOLLOWS]

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

ALANGE ENERGY CORP.

By: *"Peter Volk"*

Name: Peter Volk

Title: General Counsel & Secretary

EQUITY FINANCIAL TRUST COMPANY

By: *"Kathy Thorpe"*

Name: Kathy Thorpe

Title: Senior Trust Officer

By: *"Shelley Martin"*

Name: Shelley Martin

Title: Senior Trust Officer

EXHIBIT 1

SCHEDULE 1 - CANADIAN FORM OF DEFINITIVE NOTE

THIS NOTE IS A NOTE WITHIN THE MEANING OF THE NOTE INDENTURE AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF ● ("●") TO ALANGE ENERGY CORP. OR ITS TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF ●, OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF ● (AND ANY PAYMENT IS MADE TO ●, OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF ●), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, ●, HAS AN INTEREST HEREIN. THIS CERTIFICATE IS ISSUED PURSUANT TO A MASTER LETTER OF REPRESENTATIONS OF ALANGE ENERGY CORP. AS SUCH LETTER MAY BE REPLACED OR AMENDED FROM TIME TO TIME.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS PLUS ONE DAY FROM THE CLOSING DATE OF THE PRIVATE PLACEMENT].

No.

ALANGE ENERGY CORP.
(Incorporated under the laws of British Columbia)
9.0% SECURED NOTE DUE May 5, 2014

Principal Amount	C.\$1,000 (or an integral multiple thereof)
Interest Rate Per Annum	9.0% payable quarterly in arrears
Interest Payment Dates	March 31, June 30, September 30 and December 31 in each year
Initial Interest Payment Date	June 30, 2011

ALANGE ENERGY CORP. (the "**Corporation**") for value received hereby promises to pay to ●, the registered holder hereof (the "**Holder**"), on May 5, 2014 (the "**Stated Maturity**"), or on such earlier date as the Principal Amount (or a portion thereof) may become due and payable in

accordance with the provisions of the Note Indenture (as defined below), on presentation and surrender of this 9.0% secured note due May 5, 2014 (the "**Note**"), the Principal Amount in lawful money of Canada at the office of the Trustee (as defined below) at 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1, and to accrue interest from the date hereof (the "**Issue Date**") and pay interest on the Principal Amount at the Interest Rate Per Annum, at the address of the Holder appearing on the register of the Notes maintained by or at the direction of the Trustee (the "**Register**"), in like money quarterly in arrears in equal instalments on the Interest Payment Dates in each year, the first such payment to be payable on the Initial Interest Payment Date, and if the Corporation at any time defaults in the payment of any principal, Premium, if any, or interest, to pay interest on the amount in default at the rate set out in the Note Indenture from and after the date of the Event of Default, in like money on demand at the address of the Holder hereof appearing on the Register. The Corporation will forward or cause to be forwarded by same day delivery at least two Business Days prior to each Interest Payment Date to the address of the Holder appearing on the Register a cheque for interest due and payable to such Holder on such Interest Payment Date, less any taxes required by law to be deducted or withheld, made payable to the order of such Holder; provided, however that in case of payment of interest at maturity or redemption or as otherwise provided in the Note Indenture, the time for payment of interest, less any such taxes, will be at the time that the certificate representing this Note is presented and surrendered to the Trustee. The forwarding of such cheque will satisfy and discharge the liability for interest upon such Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid) unless such cheque is not paid on presentation.

This Note is one of an authorized issue of Notes designated as 9.0% secured notes due May 5, 2014 and issued pursuant to a note indenture (the "**Note Indenture**") made as of May 5, 2011, between Equity Financial Trust Company (the "**Trustee**"), as Trustee, and the Corporation. The Note Indenture specifies the terms and conditions upon which the Notes are created and issued or may be created, issued and held and the rights of the registered holders of the Notes, the Corporation and the Trustee, all of which terms and conditions are incorporated by reference in this Note and to each of which the Holder, by acceptance hereof, agrees. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note Indenture. To the extent there is any discrepancy between this Note and the Note Indenture, the terms of the Note Indenture shall prevail.

The aggregate principal amount of Notes that may be created and issued under the Note Indenture is C.\$31,050,000. Notes are issuable in denominations of C.\$1,000 and integral multiples thereof.

The Corporation shall redeem on a *pro rata* basis the Notes for cash in Canadian dollars at the principal amount of the Notes (the "**Mandatory Redemption Price**"), together with accrued and unpaid interest up to but excluding the date of purchase (each, a "**Mandatory Redemption Date**"), determined as follows:

Mandatory Redemption Date	Total Principal Amount of the Notes Outstanding
May 5, 2012	33 1/3%
May 5, 2013	33 1/3%
Stated Maturity Date	Balance Remaining

If a Change of Control occurs at any time during which any Notes remain outstanding, the Corporation may, in its sole discretion, elect to redeem all (but not less than all) of the Notes for cash in Canadian dollars at the percentage of the principal amount of the Notes set out below (the amount in excess of 100% being the Premium) (the "**Change of Control Purchase Price**"), together with accrued and unpaid interest up to but excluding the date of purchase (the "**Change of Control Purchase Date**", which shall not be later than 35 Business Days after the Change of Control), calculated as follows:

	Applicable Percentage
If Change of Control occurs from and after the Closing Date to May 4, 2012	120%
If Change of Control occurs from and after May 5, 2012 to May 4, 2013	110%
If Change of Control occurs from and after May 5, 2013 to the Stated Maturity Date	105%

If the Corporation does not elect to redeem the Notes in accordance the terms of the Note Indenture, the Corporation will be required to offer to purchase and repay all or part of each Holder's Notes, which offer may be accepted or rejected by the Holder, for cash in Canadian dollars at the Change of Control Purchase Price, together with accrued and unpaid interest up to but excluding the Change of Control Purchase Date.

The Corporation may, subject to the terms and conditions set forth in the Note Indenture, purchase Notes in the open market, by tender or by private contract, at any price. Notes purchased by the Corporation shall be cancelled and not reissued.

The Principal Amount may become or be declared due before the Stated Maturity on the conditions, in the manner, with the effect and at the times set forth in the Note Indenture.

The Note Indenture contains provisions for the holding of meetings of registered holders of Notes issued by the Corporation pursuant to the Note Indenture and the making of resolutions at such meetings and the creation of instruments in writing signed by the registered holders of a specified majority of Notes issued and outstanding pursuant to the Note Indenture. Such resolutions and instruments will be binding on and may affect the rights and entitlements of all

holders of Notes issued by the Corporation pursuant to the Note Indenture, subject to the provisions of the Note Indenture.

This Note, if a Global Note, may be transferred only upon compliance with the conditions prescribed in the Note Indenture relating to the transfer of a Global Note (as defined in the Note Indenture). Further this Note may be transferred only upon compliance with such reasonable requirements as the Trustee or other Registrar may prescribe, and such transfer shall be duly noted hereon by the Trustee or other Registrar.

This Note shall not become obligatory for any purpose until it shall have been certified by the manual signature of the Trustee in accordance with the Note Indenture.

IN WITNESS WHEREOF **ALANGE ENERGY CORP.** has caused this Note to be signed by its duly authorized officer as of the 5th day of May, 2011.

ALANGE ENERGY CORP.

By:

Authorized Signing Officer

(FORM OF TRUSTEE'S CERTIFICATE)

TRUSTEE'S CERTIFICATE

This Note is one of the Notes referred to in the Note Indenture referred to above.

Dated as of _____.

EQUITY FINANCIAL TRUST COMPANY

By:

ASSIGNMENT/TRANSFER FORM

TO: **ALANGE ENERGY CORP.**
 c/o Equity Financial Trust Company
 200 University Ave., Suite 400
 Toronto, Ontario M5H 4H1

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

 Name

 Address

 Social Insurance Number, Social Security Number, or Tax Identification Number

C.\$_____ of the principal amount of Note registered in the name of the undersigned represented by the within certificate (which amount must be C.\$1,000 or an integral multiple thereof) and do hereby irrevocably constitute and appoint _____ attorney to transfer the said Note on the books of the Corporation with full power of substitution in the premises.

DATED _____.

Signature of Noteholder
 guaranteed by:

 Signature of Noteholder

 Name of Noteholder (Please Print)

 * Authorized Signature Number

*NOTICE: THE SIGNATURE TO THIS TRANSFER MUST CORRESPOND IN EVERY PARTICULAR WITH THE NAME AS WRITTEN ON THE FACE OF THIS CERTIFICATE AND THE ENDORSEMENT MUST BE SIGNATURE GUARANTEED, IN EITHER CASE, BY A CANADIAN SCHEDULE 1 CHARTERED BANK, OR A MEMBER OF A RECOGNIZED SECURITIES TRANSFER UNDERWRITERS MEDALLION PROGRAM (STAMP). THE STAMP AFFIXED THEREON BY THE GUARANTOR MUST BEAR THE ACTUAL WORDS "SIGNATURE GUARANTEE". OR "SIGNATURE MEDALLION GUARANTEED" OR IN ACCORDANCE WITH INDUSTRY STANDARDS.

SCHEDULE 2 – U.S. FORM OF DEFINITIVE NOTE

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THE SECURITIES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF ALANGE ENERGY CORP. AND ITS SUCCESSORS (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF APPLICABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) WITHIN THE UNITED STATES, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER HEREOF HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION.

DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE 'GOOD DELIVERY' IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. PROVIDED THAT THE CORPORATION IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT AT THE TIME OF SUCH SALE OR TRANSFER, A NEW CERTIFICATE, BEARING NO LEGEND, THE DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY," MAY BE OBTAINED FROM EQUITY FINANCIAL TRUST COMPANY UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO EQUITY FINANCIAL TRUST COMPANY AND THE CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, TOGETHER WITH SUCH ADDITIONAL DOCUMENTATION AS EQUITY FINANCIAL TRUST COMPANY MAY REQUEST."

No.

ALANGE ENERGY CORP.
(Incorporated under the laws of British Columbia)
9.0% SECURED NOTES DUE May 5, 2014

Principal Amount

US.\$1,000 (or an integral multiple thereof)

Interest Rate Per Annum	9.0% payable quarterly in arrears
Interest Payment Dates	March 31, June 30, September 30 and December 31 in each year
Initial Interest Payment Date	June 30, 2011

ALANGE ENERGY CORP. (the "**Corporation**") for value received hereby promises to pay to _____, the registered holder hereof (the "**Holder**"), on May 5, 2014 (the "**Stated Maturity**"), or on such earlier date as the Principal Amount (or a portion thereof) may become due and payable in accordance with the provisions of the Note Indenture (as defined below), on presentation and surrender of this 9.0% secured note due May 5, 2014 (the "**Note**"), the Principal Amount in lawful money of Canada at the office of the Trustee (as defined below) at 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1, and to accrue interest from the date hereof (the "**Issue Date**") and pay interest on the Principal Amount at the Interest Rate Per Annum, at the address of the Holder appearing on the register of the Notes maintained by or at the direction of the Trustee (the "**Register**"), in like money quarterly in arrears in equal instalments on the Interest Payment Dates in each year, the first such payment to be payable on the Initial Interest Payment Date, and if the Corporation at any time defaults in the payment of any principal, Premium, if any, or interest, to pay interest on the amount in default at the rate set out in the Note Indenture from and after the date of the Event of Default, in like money on demand at the address of the Holder hereof appearing on the Register. The Corporation will forward or cause to be forwarded by same day delivery at least two Business Days prior to each Interest Payment Date to the address of the Holder appearing on the Register a cheque for interest due and payable to such Holder on such Interest Payment Date, less any taxes required by law to be deducted or withheld, made payable to the order of such Holder; provided, however that in case of payment of interest at maturity or redemption or as otherwise provided in the Note Indenture, the time for payment of interest, less any such taxes, may at the option of the Corporation be determined based on the time that the certificate representing this Note is presented and surrendered to the Trustee. The forwarding of such cheque will satisfy and discharge the liability for interest upon such Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid) unless such cheque is not paid on presentation.

This Note is one of an authorized issue of Notes designated as 9.0% Senior A Notes due May 5, 2014 and issued pursuant to a note indenture (the "**Note Indenture**") made as of May 5, 2011, between Equity Financial Trust Company (the "**Trustee**"), as Trustee, and the Corporation. The Note Indenture specifies the terms and conditions upon which the Notes are created and issued or may be created, issued and held and the rights of the registered holders of the Notes, the Corporation and the Trustee, all of which terms and conditions including those provisions related to the first ranking lien in the C Block Assets are incorporated by reference in this Note and to each of which the Holder, by acceptance hereof, agrees. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note Indenture. To the extent there is any discrepancy between this Note and the Note Indenture, the terms of the Note Indenture shall prevail.

The aggregate principal amount of Notes that may be created and issued under the Note Indenture is US.\$31,050,000. Notes are issuable in denominations of US.\$1,000 and integral multiples thereof.

The Corporation shall redeem on a *pro rata* basis the Notes for cash in Canadian dollars at the principal amount of the Notes (the "**Mandatory Redemption Price**"), together with accrued and unpaid interest up to but excluding the date of purchase (each, a "**Mandatory Redemption Date**"), determined as follows:

Mandatory Redemption Date	Total Principal Amount of the Notes Outstanding
May 5, 2012	33 1/3%
May 5, 2013	33 1/3%
Stated Maturity Date	Balance Remaining

If a Change of Control occurs at any time during which any Notes remain outstanding, the Corporation may, in its sole discretion, elect to redeem all (but not less than all) of the Notes for cash in Canadian dollars at the percentage of the principal amount of the Notes set out below (the amount in excess of 100% being the Premium) (the "**Change of Control Purchase Price**"), together with accrued and unpaid interest up to but excluding the date of purchase (the "**Change of Control Purchase Date**", which shall not be later than 35 Business Days after the Change of Control), calculated as follows:

	Applicable Percentage
If Change of Control occurs from and after the Closing Date to May 4, 2012	120%
If Change of Control occurs from and after May 5, 2012 to May 4, 2013	110%
If Change of Control occurs from and after May 5, 2013 to the Stated Maturity Date	105%

If the Corporation does not elect to redeem the Notes in accordance the terms of the Note Indenture, the Corporation will be required to offer to purchase and repay all or part of each Holder's Notes, which offer may be accepted or rejected by the Holder, for cash in Canadian dollars at the Change of Control Purchase Price, together with accrued and unpaid interest up to but excluding the Change of Control Purchase Date.

The Corporation may, subject to the terms and conditions set forth in the Note Indenture, purchase Notes in the open market, by tender or by private contract, at any price. Notes purchased by the Corporation shall be cancelled and not reissued.

The Principal Amount may become or be declared due before the Stated Maturity on the conditions, in the manner, with the effect and at the times set forth in the Note Indenture.

The Note Indenture contains provisions for the holding of meetings of registered holders of Notes issued by the Corporation pursuant to the Note Indenture and the making of resolutions at such meetings and the creation of instruments in writing signed by the registered holders of a specified majority of Notes issued and outstanding pursuant to the Note Indenture. Such resolutions and instruments will be binding on and may affect the rights and entitlements of all holders of Notes issued by the Corporation pursuant to the Note Indenture, subject to the provisions of the Note Indenture.

This Note, if a Global Note, may be transferred only upon compliance with the conditions prescribed in the Note Indenture relating to the transfer of a Global Note (as defined in the Note Indenture). Further this Note may be transferred only upon compliance with such reasonable requirements as the Trustee or other Registrar may prescribe, and such transfer shall be duly noted hereon by the Trustee or other Registrar.

This Note shall not become obligatory for any purpose until it shall have been certified by the manual signature of the Trustee in accordance with the Note Indenture.

IN WITNESS WHEREOF **ALANGE ENERGY CORP.** has caused this Note to be signed by its duly authorized officer as of the 5th day of May, 2011.

ALANGE ENERGY CORP.

By:

Authorized Signing Officer

By:

Authorized Signing Officer

(FORM OF TRUSTEE'S CERTIFICATE)

TRUSTEE'S CERTIFICATE

This Note is one of the Notes referred to in the Note Indenture referred to above.

Dated _____.

EQUITY FINANCIAL TRUST COMPANY

By:

ASSIGNMENT/TRANSFER FORM

TO: **ALANGE ENERGY CORP.**
 c/o Equity Financial Trust Company
 200 University Ave., Suite 400
 Toronto, Ontario M5H 4H1

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

 Name

 Address

 Social Insurance Number, Social Security Number or Tax Identification Number

US.\$_____ of the principal amount of Note registered in the name of the undersigned represented by the within certificate (which amount must be US.\$1,000 or an integral multiple thereof) and do hereby irrevocably constitute and appoint _____ attorney to transfer the said Note on the books of the Corporation with full power of substitution in the premises.

DATED _____.

Signature of Noteholder:

 (Signature of Noteholder)

 (Printed Name of Noteholder)

Guaranteed by:

 Authorized Signature Number

NOTICE:

The signature to this transfer must correspond in every particular with the name as shown on the face of this certificate and the endorsement must be signature guaranteed, in either case, by a Canadian Schedule I Chartered Bank, or by a medallion signature guarantee from a member recognized under the Signature Medallion Guarantee Program or from a similar entity in the United States. The stamp affixed thereon by the guarantor must bear the actual words "signature guarantee", OR "signature medallion guarantee" or in accordance with industry standards.

If the transfer is to, or for the account or benefit of, a person in the United States or a U.S. person, special restrictions apply as set out in the Note Indenture governing the Notes.

SCHEDULE 3 - FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Equity Financial Trust Company
as registrar for Notes of Alange Energy Corp.

c/o Equity Financial Trust Company
200 University Ave., Suite 400
Toronto, Ontario M5H 4H1

AND TO: Alange Energy Corp. (the "**Company**")

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

Dated: _____

Name of Seller (**please print**)

By: _____
Authorized signatory

Name of authorized signatory (**please print**)

Title of authorized signatory
(**please print**)

BROKER'S CERTIFICATION

Date: _____

Dear Sir/Madam:

Re: Sale of Notes Pursuant to SEC Rule 904

We have read the representation letter of _____ (the "**Seller**") dated _____, 20____, pursuant to which the Seller has requested that we sell, for the Seller's account, Notes in the principal amount of _____ (the "**Notes**") of Alange Energy Corp. (the "**Corporation**"). We have executed sales of the Notes pursuant to Rule 904 of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended, on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) at the time of the buy order, the buyer was outside the United States, and no offer to sell the Notes was made to, or for the account or benefit of, a person in the United States or a U.S. person (as such term is defined in Regulation S);
- (2) the sale of the Notes was executed in, on or through the facilities of the TSX Venture Exchange on _____, 20____, and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Notes as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "**directed selling efforts**" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Notes (including, but not be limited to, the solicitation of offers to purchase the Notes from persons in the United States); and "**United States**" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal Counsel to the Corporation shall be entitled to rely upon the representations, warranties and covenants contained in this letter to the same extent as if this letter had been addressed to them.

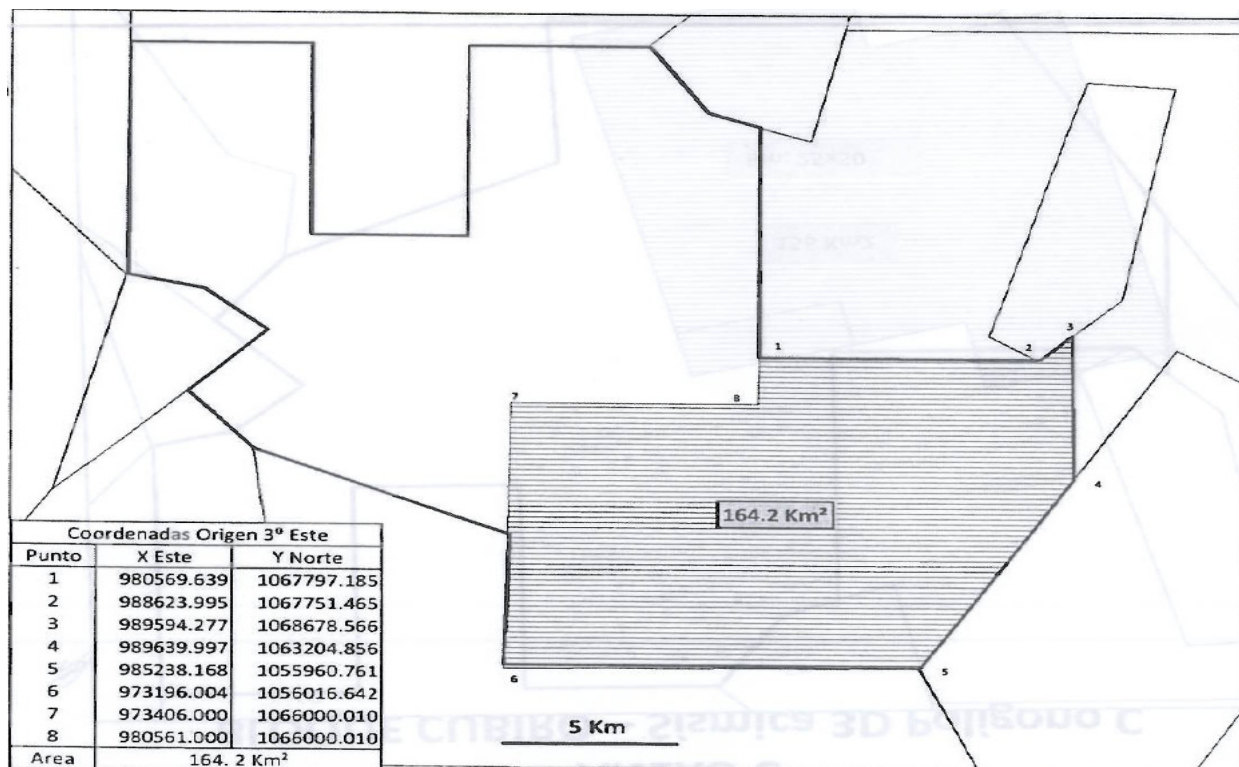
If you have any questions regarding this transaction, please telephone the undersigned at _____.

Yours truly,

By: _____

SCHEDULE A – CUBIRO BLOCK ASSETS

Part I -Limitation of Block C



Part II - Concession Agreements

Cubiro exploration and exploitation agreement entered into between Montecz S.A. and Agencia Nacional de Hidrocarburos on October 8, 2004, subsequently assigned by Montecz S.A. to Alange Energy Colombian Branch.

SCHEDULE B - BANK INDEBTEDNESS

Alange Energy Corp
Schedule of Indebtedness
As of May 4, 2011

Lender	Maturity	Balance outstanding	Security
Existing			
Colpatria (Term Loan)	August 31, 2013	COP 10,841,277,064	Cash flows from Cubiro Block A to meet principal and interest repayments
Occidente (Term Loan)	May 27, 2013	COP 6,681,823,350	Cash flows from Cubiro Block A to meet principal and interest repayments
Colpatria (Factoring facility)	April 27, 2012	COP 15,857,853,618	Cash flows from Cubiro Block A to meet principal and interest repayments
Colpatria (Factoring facility)	February 11, 2011	COP 442,146,382	Cash flows from Cubiro Block A to meet principal and interest repayments
Factoring facilities:			
CORREVAL S.A.	Current	COP 1,677,224,989	Unsecured
CARTERA COLECTIVA MIDAS FACTOR		COP 670,376,989	
FACTOR GROUP COLOMBIA S.A.		COP 1,644,023,150	
COLTEFINANCIERA S.A.		COP 1,458,535,200	
CARTERA COLECTIVA ESCALONADA PROYECTAR FACTORING S.A.		COP 1,000,158,818	
HELM FIDUCIARIA		COP 283,430,219	
FONDO ABIERTO CON COMPARTIMIENTO		COP 1,220,434,025	

Lender	Maturity	Balance outstanding	Security
MULTIINVERSIÓN ARCO IRIS - TÍTULOS DE DEUDA PRIVADA			
Planned (To close on or about May 10, 2011)			
Helm Bank	6 months (renewable 1 time for same period) Bullet	COP 15,000,000,000	Cash flows from Cubiro Block B to meet principal and interest repayments
Helm Bank	Revolving loan - Monthly basis payments	COP 5,000,000,000	Cash flows from Cubiro Block B to meet principal and interest repayments

SCHEDULE C – FORM OF GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT

THIS AGREEMENT made as of the 5th day of May, 2011 by

ALANGE ENERGY CORP., a corporation existing under the laws of British Columbia

(herein called the "**Debtor**")

in favour of

EQUITY FINANCIAL TRUST COMPANY, a trust company existing under the laws of Canada

(herein called the "**Secured Party**")

WHEREAS pursuant to a Note Indenture dated May 5, 2011 between the Debtor and the Secured Party (as the same may be amended, supplemented or replaced from time to time, the "**Indenture**"), the Debtor has decided to issue 9% secured notes due on May 5, 2014 (the "**Notes**"), and the Secured Party has agreed to serve as trustee under the Indenture;

AND WHEREAS pursuant to the terms of the Indenture, the Debtor has agreed to provide in favour of the Secured Party, on its own behalf and on behalf of the Noteholders, a first priority security interest in respect of all of its assets, as a security of repayment of its Secured Obligations (as hereinafter defined);

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the Debtor agrees with the Secured Party as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Indenture. In this agreement or any amendment hereto, unless the context clearly indicates to the contrary:

"**Act**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto.

"**Collateral**" means all personal property, business and undertaking of the Debtor now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further described, without limitation, in Section 2.2.

"**Enforcement Date**" means the date on which an Event of Default occurs and is continuing under the Indenture.

"includes" or **"including"** means "includes without limitation" or "including without limitation", as the case may be.

"Secured Obligations" means (i) the Note Indebtedness and (ii) all fees and other money, in each case, from time to time owing by the Debtor to the Noteholders under or in connection with the Indenture, the Notes and the Security Documents.

1.2 Other Usages

References to "this agreement", "hereof", "herein", "hereto" and like references refer to this General Security Agreement and the Schedules hereto, as the same may be amended, modified, supplemented or replaced from time to time, and not to any particular Article, Section or other subdivision of this agreement. A reference in this agreement to another agreement refers to that other agreement as it may be amended, modified, supplemented, restated or replaced from time to time. A reference in this agreement to a statute refers to that statute as it may be amended and to any restated or successor legislation of comparable effect.

1.3 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.4 Headings

The insertion of headings in this agreement is for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.5 Applicable Law and Attornment Clause

This agreement and all documents delivered pursuant hereto shall be deemed to be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this agreement.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this agreement.

1.8 Schedules

Each and every one of the schedules which is referred to in this agreement and attached to this agreement shall form a part of this agreement.

ARTICLE 2 SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment and performance of the Secured Obligations, the Debtor hereby grants to the Secured Party a security interest in the Collateral.

2.2 Description of Collateral

A security interest is taken in all of the present and after-acquired Collateral of the Debtor including, without limitation, a security interest in favour of the Secured Party in the following:

(a) Accounts

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor relating to the Collateral, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Debtor to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "**Accounts**";

(b) Inventory

all goods or chattels now or hereafter forming the inventory of the Debtor relating to the Collateral, including; without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, all of which are herein called the "**Inventory**";

(c) Equipment

all equipment now owned or hereafter acquired by the Debtor relating to the Collateral, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the "**Equipment**";

(d) Intangibles

all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts relating to the Collateral including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "**Intangibles**";

(e) Documents of Title

any writing now or hereafter owned by the Debtor relating to the Collateral that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the "**Documents of Title**";

(f) Money

all money now or hereafter owned by the Debtor relating to the Collateral, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "**Money**";

(g) Chattel Paper

all present and future agreements made between the Debtor as secured party and others relating to the Collateral which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "**Chattel Paper**";

(h) Instruments

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor relating to the Collateral, and all other writings of the Debtor relating to the Collateral that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the "**Instruments**";

(i) Securities

all present and future securities held by the Debtor relating to the Collateral, including shares, options, rights, warrants, joint venture interests, interests in partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; including, without limitation, any uncertificated securities and all substitutions

therefor and, subject to Section 2.6, dividends and income derived therefrom, all of which are herein called the "**Securities**";

(j) Documents

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the "**Documents**";

(k) Proceeds

all personal property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the "**Proceeds**";

(l) Leaseholds

subject to Section 2.5, all leases in respect of personal property, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor relating to the Collateral, all of which are herein called the "**Leaseholds**"; and

(m) Undertaking

all present and future personal property, business, and undertaking of the Debtor relating to the Collateral not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Securities, Documents, Proceeds or Leaseholds all of which are herein called the "**Undertaking**".

2.3 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.2, for greater certainty the Collateral shall include all present and future tangible personal property of the Debtor relating to the Collateral located on or about or in transit to or from the locations set out in Schedule A hereto.

2.4 Attachment of Security Interest

The parties hereby acknowledge that:

- (i) value has been given;
- (ii) the Debtor has rights in the Collateral; and
- (iii) the parties have not agreed to postpone the time for attachment of the security interest created by this agreement.

The parties further agree that the security interests created to this agreement are intended to attach to all Collateral in which the Debtor acquires an interest as a result of any amalgamation, arrangement or similar proceeding.

2.5 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease or sublease in respect of any personal property or agreement therefor is specifically excepted from the security interest created by this agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Secured Party may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest in such contract shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Secured Party, and shall grant a security interest in such contractual rights to the Secured Party forthwith upon obtaining the appropriate consents to the granting of said security interest.

2.6 Voting and Distributions re: Securities

Subject to the terms of the Indenture, at any time that the security hereby constituted is not enforceable, all interest, cash dividends, income and revenue from Securities that have been delivered to the Secured Party pursuant to Section 3.1(h) (but not the proceeds of disposition of such Securities) shall be collected by and payable to the Debtor (and not the Secured Party), and such Securities shall be voted by the Debtor, and all non-cash dividends paid on such Securities, if received by the Debtor, shall be paid to, and held by, the Secured Party as Collateral. At any time while the security hereby constituted is enforceable, all dividends paid on such Securities, and all interests, income and revenue from such Securities, if received by the Debtor, shall be paid to the Secured Party, and the Secured Party shall be entitled to vote or not to vote such Securities as the Secured Party sees fit.

2.7 Uncertificated Securities and Certain Other Investment Property

The Debtor will permit the Secured Party from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated Securities which are Collateral to mark their books and records with the numbers and face amounts of all such uncertificated Securities and all rollovers and replacements therefor to reflect the security interest of the Secured Party granted pursuant to this agreement. The Debtor will take any actions within its power to cause the issuers of uncertificated Securities which are Collateral to cause the Secured Party to have and retain control over such Securities.

ARTICLE 3 WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Secured Party as follows:

- (a) The Debtor is a corporation duly incorporated and organized and validly existing under the laws of its jurisdiction of incorporation.
- (b) This Agreement has been duly authorized, executed and delivered by the Debtor and constitutes a legal, valid and binding obligation of the Debtor enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought.
- (c) The execution and delivery of this Agreement and the performance by the Debtor of its obligations hereunder do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), or result in a right of termination, modification or acceleration under, or require any consent, approval or notice under, under, (i) any law applicable to the Debtor; (ii) the articles or by-laws of the Debtor; (iii) any mortgage, note, indenture, contract, agreement, instrument, lease or other document to which the Debtor is a party or by which it is bound; or (iv) any judgment, decree or order binding on the Debtor or the property or assets of the Debtor.
- (d) The tangible Collateral is now and will be located at the locations set out in Schedule A hereto and at such other locations as may be reported to the Secured Party in accordance with the Indenture, other than any such Collateral in transit to and from such locations. In the event the tangible Collateral becomes located at any location other than the locations set out in Schedule A, the Debtor shall promptly notify the Secured Party in writing of the details thereof. The Debtor shall, at the reasonable request of the Secured Party, mark such Collateral which the Debtor owns to indicate clearly that it is subject to the security interests created by this agreement.
- (e) The Debtor shall keep the Collateral in good condition and repair, reasonable wear and tear excepted.
- (f) The Debtor agrees to promptly notify the Secured Party in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this agreement or additional security agreements as may be reasonably required by the Secured Party in order that a security interest shall attach to such personal property.
- (g) The Debtor shall prevent any Collateral from becoming an accession to any personal property not subject to this agreement, or becoming affixed to any real property, other than in the ordinary course of its business.
- (h) The Debtor shall deliver to the Secured Party from time to time upon the request of the Secured Party any items of Collateral comprising certificated Securities.

Each such delivery shall be effected by depositing with the Secured Party all certificates representing such Securities. All certificates so deposited shall be attached to duly executed powers of attorney or forms of transfer.

- (i) The Debtor shall notify the Secured Party of any Collateral which constitutes a claim against a government or any instrumentality or agency thereof, the assignment of which claim is restricted or prohibited, and the details of such restrictions or prohibitions.
- (j) The Debtor shall deliver to the Secured Party upon the request of the Secured Party from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (k) The Debtor will not use or acquire for use any Collateral as consumer goods.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this agreement that the Debtor fails to perform and that the Secured Party is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Secured Party will require the Secured Party further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this agreement.

ARTICLE 4 RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.1 Permitted Activities

Except to the extent restricted by the Indenture, the Debtor may, at any time, without the consent of the Secured Party:

- (a) lease, sell, license, consign or otherwise deal with Collateral in the ordinary course of business on commercially reasonable terms and any *bona fide* purchaser for value shall acquire rights to such Collateral free and clear of the security interest created by this agreement, but (i) all rights of the Debtor as vendor, lessor, licensor or consignor shall be subject to the security interest created by this agreement and (iii) all proceeds of such sale, lease or other dealing shall be subject to the security interest created by this agreement; and
- (b) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Secured Party's direction, shall take) such action as the Debtor or the Secured Party, as the case may be, may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Secured Party shall have the right at any time while the security hereby constituted is enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the

secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

At any time while the security hereby constituted is enforceable,

- (i) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied to repay the Notes in accordance with the Indenture; and
- (ii) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

4.2 Release by the Secured Party

The Secured Party (i) may, at its discretion, at any time release from the security interest created by this agreement any part or parts of the Collateral or any other security or any surety for the Secured Obligations of the Debtor either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this agreement; and (ii) shall release the security interest created by this agreement on any part or parts of the Collateral that are sold or transferred pursuant to a third party pursuant to any transaction permitted by the Indenture as provided therein.

4.3 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Secured Party and will be forthwith paid to the Secured Party. The Secured Party shall not exercise its rights under this Section 4.3, and the Debtor's trust obligations under this Section 4.3 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted is then enforceable.

ARTICLE 5 ENFORCEMENT

5.1 Enforcement

The Debtor shall be deemed to be in default under this agreement and the security hereby constituted shall immediately become enforceable without further notice of any kind,

which notice is expressly waived by the Debtor, to the extent permitted by applicable law, on or after the Enforcement Date.

5.2 Remedies

Subject to the terms of the Indenture, at any time while the security hereby constituted is enforceable, the Secured Party shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this agreement shall have all of the powers of the Secured Party hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Secured Party may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agent and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Secured Party shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Secured Party, and to grant security interests in the Collateral in priority to the security interest created by this agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is in accordance with applicable law including, without limitation, terms that provide for payment of credit; provided that:
 - (i) any such sale, lease or disposition shall be on commercially reasonable terms, having regard to the circumstances;
 - (ii) the Secured Party or the Receiver will not be required to sell, lease or dispose of the Collateral. but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction.

hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;

- (iii) the Secured Party or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
- (iv) the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Secured Party or the Receiver in cash or such other compensation as may be acceptable to the Secured Party, in discretion;
- (h) to enjoy and exercise all of the rights and remedies of a secured party under the Act;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Secured Party or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Securities included in the Collateral registered on the books of the issuers of such Securities in the name of the Secured Party or such nominee of the Secured Party as the Secured Party shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.2, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and

- (m) at the sole option of the Secured Party, provided notice is given in the manner required by the Act to the Debtor and to any other person to whom the Act requires notice be given and the relevant provisions otherwise allow it, may, subject to section 14.14 of the Note Indenture, to elect to retain all or any part of the Collateral in satisfaction of the Secured Obligations of the Debtor.

5.3 License

The Secured Party is hereby granted a license or other right to use, at any time while the security hereby constituted is enforceable, without charge, the Debtor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and after the security hereby constituted becomes enforceable, the Debtor's rights under all licenses and all franchise agreements shall inure to the Secured Party's benefit. In addition, the Debtor hereby irrevocably agrees that the Secured Party may, at any time while the security hereby constituted is enforceable, sell any of the inventory directly to any person, including without limitation, persons who have previously purchased the Inventory from the Debtor and in connection with any such sale or other enforcement of the Secured Party's rights under this agreement, may sell Inventory which bears any trademark owned by or licensed to the Debtor and any Inventory that is covered by any copyright owned by or licensed to the Debtor and any Inventory that is covered by any copyright owned by or licensed to the Debtor and the Secured Party may finish any work in process and affix any trademark owned by or licensed to the Debtor and sell such Inventory as provided herein.

5.4 Receiver as Secured Party

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability) for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.5 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all reasonable costs and expenses (including, without limitation, reasonable legal fees and disbursements on a solicitor and his own client basis) incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Secured Party and the Receiver pursuant to this Section 5.5 shall be payable on demand and shall bear interest at an annual rate equal to the published prime rate of any Schedule I Canadian bank plus two percent (2%), which interest shall be calculated and compounded monthly and payable on demand.

5.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the Secured Obligations of the Debtor or the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

5.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.2, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Debtor or any other party in respect of the same.

5.8 Restriction on Debtor

Upon the Secured Party taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or Secured Party of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Secured Party.

5.9 Rights Cumulative

All rights and remedies of the Secured Party set out in this agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Secured Obligations of the Debtor shall not operate as a merger of any of the covenants contained in this agreement.

5.10 Care by the Secured Party

The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Secured Party's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Secured Party to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, unless any such failure to comply constitutes gross negligence or wilful misconduct, and no failure of the Secured Party to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral, unless any such failure or act constitutes gross negligence or wilful misconduct.

5.11 Standards of Sale

Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall not be deemed to have been made in a commercially unreasonable manner solely by reason thereof:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation appropriate to the public sale of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Secured Party of not less than one *bona fide* written offer from arm's length, unrelated parties;
- (d) the purchaser or lessee of such Collateral may be a customer of the Secured Party, provided that such customer acts at arm's length with the Secured Party;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Secured Party may establish a reserve bid in respect of all or any portion of the Collateral.

5.12 Securities of the Debtor

The Debtor recognizes that the Secured Party may be unable to effect a public sale of any or all of the Securities that form part of the Collateral by reason of certain prohibitions contained in the applicable securities laws or otherwise, but may be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such Securities for their own account for investment and not with a view to the distribution or resale thereof. The Debtor acknowledges and agrees that any such private sale may result in prices and other terms less favourable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by reason of its being a private sale. The Secured Party shall be under no obligation to delay a sale of any of the Collateral for the period of time necessary to permit the issuer of such Securities to register such Securities for public sale under the applicable securities law, or otherwise, even if the issuer would agree to do so.

ARTICLE 6 GENERAL

6.1 Waiver

Any breach by the Debtor of any of the provisions contained in this agreement or any default by the Debtor in the observance or performance of any covenant or condition

required to be observed or performed by the Debtor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.2 The Secured Party as Attorney

The Debtor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, as of the Enforcement Date, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Secured Party. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Secured Party pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Secured Party taken in good faith under this power of attorney.

6.3 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this agreement.

6.4 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Secured Obligations of the Debtor until all of the Secured Obligations of the Debtor from time to time are paid and performed in full and this agreement is terminated.

6.5 No Obligation to Advance

Neither the execution nor delivery of this agreement shall obligate the Secured Party to advance any moneys to the Debtor.

6.6 Consumer Goods

Notwithstanding any other clause in this agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.7 Notices

Any notice to the Debtor under the provisions hereof shall be valid and effective if delivered to the Chief Financial Officer of the Debtor or if sent by facsimile transmission (with receipt confirmed) to the attention of the Chief Financial Officer of the Debtor at Alange Energy Corp., 333 Bay Street, Suite 1100, Toronto, Ontario M5H 2R2, fax: (416) 360-7783, and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Debtor may from time to time notify the Secured Party of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Debtor for all purposes hereof.

18.3 Notices to Secured Party

Any notice to the Secured Party under the provisions hereof shall be valid and effective if delivered to the Secured Party at 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1, Attention: Corporate Trust Department, fax no: (416) 361-0470, or if sent by facsimile transmission (with receipt confirmed) to and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Secured Party may from time to time notify the Debtor of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Secured Party for all purposes hereof.

6.8 Successors and Assigns

This agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

6.9 Entire Agreement

This agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.10 Receipt of Financing Statement, etc.

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.11 Acknowledgement

The Debtor hereby acknowledges receipt of an executed copy of this agreement.

6.12 Counterparts

This agreement may be executed in any number of counterparts, all of which shall be deemed to be an original and such counterparts taken together shall constitute one agreement, and any of the parties hereto may execute this agreement by signing any such counterpart.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF the Debtor has executed this agreement.

ALANGE ENERGY CORP.

By:

Name:

Title:

SCHEDULE D - FORM OF SHARE PLEDGE AGREEMENT

SHARE PLEDGE AGREEMENT

BY AND BETWEEN

ALANGE ENERGY CORP.,

AND

EQUITY FINANCIAL TRUST COMPANY

Dated as of 5th May 2011

This **SHARE PLEDGE AGREEMENT** (this *Agreement*), dated as of 5th May 2011, is by and between:

ALANGE ENERGY CORP., a corporation existing under the laws of British Columbia (hereinafter the "**Pledgor**");

EQUITY FINANCIAL TRUST COMPANY, a trust company existing under the laws of Canada (hereinafter "**Trustee**")

Each of the Trustee and the Pledgor are individually referred to herein as a "**Party**" and collectively as the "**Parties**".

WITNESSETH:

1. **WHEREAS**, on 5 May 2011, the Pledgor; and the Trustee entered into a Note Indenture (hereinafter the "**Indenture**");
2. **WHEREAS** the Pledgor is the owner of all of the issued and outstanding shares of Alange Corp. (hereinafter the "**Corporation**") consisting _____ (hereinafter the "**Shares**").
3. **WHEREAS**, it was agreed under the Indenture that the parties hereto shall have entered into this Agreement under which the Shares (hereinafter the "Pledged Shares") which the Pledgor owns, shall be pledged in favour of the Trustee as security for the Pledgor's obligations under the Indenture;

NOW, THEREFORE, in consideration of the recitals above, it is hereby agreed between the Parties as follows:

1. DEFINITIONS

- 1.1 **General Definitions:** In this Agreement, each capitalized term used and not otherwise defined herein shall, unless the context otherwise requires, have the meaning assigned to such term in the Indenture.
- 1.2 As used in this Agreement, each of the following terms shall have the meaning specified below:
 - (a) "**Agreement**" means this share pledge agreement.
 - (b) "**Corporation**" has the meaning specified in the preamble of this Agreement.
 - (c) "**Indenture**" has the meaning specified in the preamble of this Agreement.
 - (d) "**Panama**" means the Republic of Panama.

- (e) **"Pledgor"** means **ALANGE ENERGY CORP.**, identified in the preamble of this Agreement.
- (f) **"Secured Obligations"** means all the obligations including without limitation, the Note Indebtedness of the Pledgor under the Indenture.
- (g) **"Shares"** has the meaning specified in the preamble of this Agreement.
- (h) **"Share Register"** means the share register of the Corporation kept in book or electronic form according to the laws of Panama.

2. PLEDGE AND SECURED OBLIGATIONS

- 2.1 Pursuant to the terms and conditions set forth herein, and as provided for in articles 814 to 829 of the Panamanian Code of Commerce, to guarantee to the Trustee the Pledgor's compliance with the Secured Obligations, Pledgor hereby grants a commercial, first priority pledge as security in favor of the Trustee on its own behalf and on behalf of the Noteholder, over the Pledged Shares. The Trustee expressly accepts the pledge over the Pledged Shares.

3. PERFECTION OF THE PLEDGE

- 3.1 Pursuant to the provisions of article 817 of the Panamanian Code of Commerce, the Pledgor on the date hereof (i) delivers the Pledged Shares to the Trustee; (ii) delivers the Share Register; (iii) confirms the recording of the creation of the pledge over the Pledged Shares in the Share Register of the Corporation pursuant to the form contained in Attachment 1 hereto; and (iv) endorses in blank the certificates representing the Pledged Shares (the "Certificates"). To endorse the Certificates, the Pledgor hereby authorizes any one officer, director of the Corporation, to endorse in blank the Certificates, acting in the name and on behalf of the Pledgor.
- 3.2 The Pledgor and the Trustee agree that (i) the execution of this Agreement, (ii) the annotation of the granting of the pledge over the Pledged Shares in the Share Register of the Corporation; and (iii) the delivery of the Certificates to the Trustee, will be held for all legal purposes as evidence of the physical delivery of the Pledged Shares, to the Trustee and, consequently, the security interest granted herein shall be deemed to have been perfected.

4. FORECLOSURE OF THE PLEDGE

- 4.1 Foreclosure of the pledge created over the Pledged Shares may proceed if an Event of Default should occur with respect to the Secured Obligations pursuant to the Indenture. In such case, the Trustee will be entitled to (i) take immediate possession of the Pledged Shares and carry out an out of court (extrajudicial) disposition of the Pledged Shares; or (ii) request the judicial foreclosure and sale of the Pledged Shares as set forth in Part II, Title XIV, Chapter III of the Second Book of the Panamanian Judicial Code, and in accordance with Articles 820 and 821 of the Panamanian Commercial Code.

- 4.2 For purposes of the extrajudicial disposition, the Trustee will notify the Pledgor in writing on the proposed sale; and after 5 calendar days after the notification, it shall proceed to sell the Pledged Shares if an Event of Default under the Indenture remains. The sale of the Pledged Shares shall be made by means of a securities broker or Trustee designated by the Trustee and for the consideration that said Trustee or broker determines considering current and fair market prices as the method to be used for valuation of the Pledged Shares, pursuant to article 821 of the Code of Commerce of Panama. Nonetheless, it is understood and agreed that the Trustee, at its sole discretion, may dispose of and sell the Pledged Shares in the market, with an appraisal completed by a person designated for such purposes by the Trustee.
- 4.3 The Pledgor releases the Trustee and the securities broker or Trustee from all liability as to damages resulting or arising from the sale of the Pledged Shares, and from now on waives any and all claims with respect thereto and accepts the sales price fixed as a just and fair consideration.
- 4.4 It is understood and agreed that nothing expressed herein in the foregoing clauses shall hinder the Trustee or the Depositary, if so decided by the Trustee at its sole discretion, from carrying out the judicial enforcement of this Agreement. Consequently, the Pledgor waives domicile and the steps of *executory proceedings*.
- 4.5 For the sole purposes of the foreclosure of the security interest created by this Agreement, Panama City is chosen as special domicile under this Agreement, and the Parties hereby agree to submit to the jurisdiction of the courts therein.
- 4.6 All reasonable and documented costs and expenses, including attorneys' fees, court fees and experts' fees, if any, incurred by the Trustee in the foreclosure of the security interest, plus all reasonable and documented costs and expenses, incurred in Panama or abroad in connection with the opposition to the judicial foreclosure and/or sale of the Pledged Shares under this Agreement, will be deducted from the proceeds of said sale and the balance shall be applied as follows:
- (a) First, to pay the Secured Obligations;
 - (b) Second, to the Pledgor.
- 4.7 In the event that the application of such proceeds does not allow the discharge of the full amount of the Secured Obligations, the Pledgor shall continue to be responsible to the Trustee on the terms of the Indenture for any remaining balance of the Secured Obligations.

5. RIGHTS OF THE PLEDGOR

- 5.1 Rights Inherent to Ownership: Until an Event of Default occurs and is continuing, the Pledgor shall be entitled to all rights inherent to ownership of the Pledged Shares, including, without limitation: (i) the right to receive and retain all cash dividends and other cash distributions in respect of any of the Pledged Shares; and (ii) the right to vote them at any shareholders' meeting of the Corporation. If an Event of Default has

occurred and is continuing, the Pledgor shall not have the benefit of these rights and these rights shall vest in the Trustee.

6. REPRESENTATIONS AND WARRANTIES

6.1 The Pledgor represents and warrants:

- (a) The execution and delivery by the Pledgor of this Agreement are within its corporate powers; and have been duly authorized by all necessary corporate action of the Pledgor; and the authorizations so issued do not (i) contravene its organizational (or equivalent) document or bylaws; (ii) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award to which it is subject; or (iii) conflict with or result in the breach of, or constitute a default or require any payment to be made under, any contract, Indenture, mortgage, deed of trust, lease or other instrument binding on or affecting it or any of its property.
- (b) No authorization or approval or other action by, and no notice to or filing with, any governmental, legislative or judicial authority or regulatory body or any other third party is required for (i) the due execution, delivery and performance by it of this Agreement, and (ii) the exercise by the Trustee of any of their rights under this Agreement.
- (c) Its obligations under this Agreement are legal, valid and binding obligations, enforceable against it in accordance with the terms hereof.
- (d) There are no liens, encumbrances, pledges, privileges, preventive measures, claims, and/or prohibitions, affecting the Pledged Shares except for the pledge created hereby.
- (e) This Agreement creates a valid security interest over the Pledged Shares for the benefit of the Trustee, and the Pledgor, upon reasonable request of the Trustee, will carry out all filings and other actions necessary to validly pledge the Pledged Shares pursuant to this Agreement, and to perfect and protect the security interest over the Pledged Shares under this Agreement.

7. PLEDGE RELEASE

- 7.1 Upon request to the Trustee and upon complete compliance of the Secured Obligations, pursuant to the terms of the Indenture, the pledge created hereunder shall be released immediately.
- 7.2 The release of the pledge shall be made as follows: (i) the execution by the Secretary of the Corporation of an entry recording the release of the pledge over the Pledged Shares on the Share Register of the Corporation; and (ii) the return by the Trustee to the Pledgor of the Share Register of the Corporation and the Certificates.

8. NOTICES

- 8.1 Any notice to the Pledgor under the provisions hereof shall be valid and effective if delivered to the Chief Financial Officer of the Pledgor or if sent by facsimile transmission (with receipt confirmed) to the attention of the Chief Financial Officer of the Pledgor at Alange Energy Corp., 333 Bay Street, Suite 1100, Toronto, Ontario M5H 2R2, fax: (416) 360-7783, and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Pledgor may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Pledgor for all purposes hereof.
- 8.2 Any notice to the Trustee under the provisions hereof shall be valid and effective if delivered to the Trustee at 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1, Attention: Corporate Trust Department, fax no: (416) 361-0470, or if sent by facsimile transmission (with receipt confirmed) to and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Trustee may from time to time notify the Pledgor of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Trustee for all purposes hereof.

9. GOVERNING LAW AND JURISDICTION

- 9.1 The substantive laws of Panama shall govern this Agreement for all purposes, including the resolution of disputes between or among Parties. Any legal action or proceeding with respect to this Agreement, or the security interest provided hereunder, shall be brought in the courts of Panama City, Panama; and thus, the Parties hereby expressly submit to the jurisdiction of such courts.

10. MISCELLANEOUS

- 10.1 **Further Assurance:** Without further consideration, each Party shall from time to time, and at all times, execute, acknowledge and deliver such other documents and shall take such other action as may be necessary in order to fully perform and carry out the terms of this Agreement.
- 10.2 **Amendments:** This Agreement may be amended by the Parties at any time only by a written instrument signed by or on behalf of each of the Parties.
- 10.3 **Severability:** Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of

this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only as broad as it is enforceable.

- 10.4 **Expenses:** All reasonable and documented expenses incurred in the authentication of the instrument of creation, amendment and/or cancellation of this Agreement shall be for the account of the Pledgor. In addition, all other reasonable and documented expenses incurred as a result of the enforcement of this Agreement and, in general, all such expenses, regardless of their nature, arising out of its execution and incurred in Panama or abroad shall be for the exclusive account of the Pledgor.
- 10.5 **Successors and Assigns:** This Agreement binds and benefits the respective successors and assigns of the parties, except that the Guarantor may not assign or delegate any of its rights or obligations under this Agreement without the prior consent of the Trustee.
- 10.6 **Counterparts:** This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed and delivered as of 5th May 2011

[Execution Page follows]

**Share Pledge Agreement by and among ALANGE ENERGY CORP. and EQUITY
FINANCIAL TRUST COMPANY**

[Execution Page]

**EQUITY FINANCIAL TRUST
COMPANY**

ALANGE ENERGY CORP.

Per: _____

Name:
Title:

Per: _____

Name:
Title:

Per: _____

Name:
Title:

ATTACHMENT 1**TEXT OF THE ENTRY TO BE RECORDED****in the Share Register of the Corporation**

These _____ (_____) shares owned by **ALANGE ENERGY CORP.** are pledged in favor of **EQUITY FINANCIAL TRUST COMPANY**, according to the Share Pledge Agreement executed on 5th May 2011, and the certificates of such pledged shares have been delivered to and are in possession of **EQUITY FINANCIAL TRUST COMPANY**.

[Execution Page follows]

**Share Pledge Agreement by and among ALANGE ENERGY CORP. and EQUITY
FINANCIAL TRUST COMPANY**

[Execution Page]

**EQUITY FINANCIAL TRUST
COMPANY**

ALANGE ENERGY CORP.

Per: _____

Name:
Title:

Per: _____

Name:
Title:

Per: _____

Name:
Title:

ATTACHMENT 1**TEXT OF THE ENTRY TO BE RECORDED****in the Share Register Book of the Corporation**

These _____ (_____) shares owned by **ALANGE ENERGY CORP.** are pledged in favor of **EQUITY FINANCIAL TRUST COMPANY**, according to the Share Pledge Agreement executed on 5th May 2011, and the certificates of such pledged shares have been delivered to and are in possession of **EQUITY FINANCIAL TRUST COMPANY**.

SCHEDULE E – FORM OF GUARANTEE

GUARANTEE AGREEMENT

Dated 5th May 2011

between

ALANGE, CORP.

and

EQUITY FINANCIAL TRUST COMPANY

GUARANTEE AGREEMENT

This **GUARANTEE AGREEMENT** (this "**Agreement**"), dated as of 5th May 2011, is by and between:

- (1) **ALANGE, CORP.**, a company organized and existing under the laws of the Republic of Panama (hereinafter the "**Guarantor**"); and
- (2) **EQUITY FINANCIAL TRUST COMPANY**, a trust company existing under the laws of Canada (hereinafter "**Trustee**") in its role as Trustee under the Note Indenture dated 5 May 2011.

WHEREAS:

- A. **WHEREAS**, on 5th May 2011, **ALANGE ENERGY CORP.**, (hereinafter the "**Corporation**") a corporation existing under the laws of British Columbia; and the Trustee entered into a Note Indenture (hereinafter the "**Indenture**");
- B. **WHEREAS**, the Guarantor (i) is a direct wholly-owned Subsidiary of the Corporation; and (ii) holds one hundred percent (100%) of Alange Energy Corp. Sucursal Colombia which holds twenty five percent (25%) interest in the C Block;
- C. **WHEREAS**, the Guarantor acknowledges receipt of a copy of the Indenture to which such Guarantor is not a party;
- D. **WHEREAS**, it was agreed under the Indenture that the parties hereto shall have entered into this Agreement whereby the Guarantor guarantees the obligations of Corporation in respect of the Indenture; and

NOW THEREFORE, based on the foregoing, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS; INTERPRETATION

Section 1.1 General Definitions

- 1.1.1 In this Agreement, each capitalized term used and not otherwise defined herein shall, unless the context otherwise requires, have the meaning assigned to such term in the Indenture.

Section 1.2 Additional Definition. In addition to the foregoing, the following terms have the following meanings:

- 1.2.1 "**Agreement**" means, this Guarantee Agreement.
- 1.2.2 "**Guaranteed Obligations**" means, without duplication, all present and future indebtedness, liabilities and obligations of any kind whatsoever, including without limitation, the Note Indebtedness, under, in connection with or relating to the Indenture.

ARTICLE 2 GUARANTEE

Section 2.1 Guarantee.

2.1.1 The Guarantor irrevocably, absolutely and unconditionally:

2.1.1.1 guarantees to the Trustee, the punctual and complete payment when due and payable of the Guaranteed Obligations; and

2.1.1.2 undertakes with the Trustee that whenever Corporation does not pay any amount of the Guaranteed Obligations when due, it will immediately, and in any event forthwith upon demand by the Trustee, pay that amount to the Trustee, as prescribed in the Indenture, and otherwise in the same manner in all respects as the Guaranteed Obligations are required to be paid by the Corporation.

Section 2.2 Continuing Guarantee.

2.2.1 This guarantee contained herein shall be a continuing guarantee and shall secure the Guaranteed Obligations and any ultimate balance thereof, notwithstanding that the Corporation may from time to time satisfy the Guaranteed Obligations in whole or in part and thereafter incur further Guaranteed Obligations. This Agreement shall continue in full force and effect regardless of whether any guarantor (if more than one) or any other party responsible for the payment of the Guaranteed Obligations or any portion thereof shall cease to be so liable for any reason whatsoever, including without limitation by reason of prescription, operation of law or release by the Trustee.

Section 2.3 Primary Obligor. If all or any part of the Guaranteed Obligations is not duly paid to the Trustee and is not recoverable under Section 2.1 of this Guarantee, such Guaranteed Obligations will, as a separate and distinct obligation, be paid by and be recoverable from the Guarantor as primary obligor.

Section 2.4 No Set off. All payments of the Guarantor to the Trustee under this Agreement shall be made without any set-off, counterclaim, withholding or condition.

Section 2.5 Taxes.

2.5.1 The Guarantor shall, pay or cause to be paid all taxes imposed on or in connection with the payment by the Guarantor of any of the Guaranteed Obligations.

2.5.2 All payments by the Guarantor under this Agreement shall be made free and clear of and without deduction or withholding for or on account of any taxes. If the Guarantor is required by applicable law or otherwise to deduct or withhold any Taxes from any such payment, (a) the amount payable shall be increased as necessary so that after making all required deductions the Trustee receives the full amount it would have received had no such deduction or withholding been required, and (b) the Guarantor shall make such deduction or withholding and

shall pay the full amount deducted or withheld to the relevant governmental authority in accordance with applicable law and shall provide the Trustee with evidence of the payment thereof.

Section 2.6 Certificate Conclusive. A certificate of the Trustee delivered to the Guarantor stating the amount of the Guaranteed Obligations when delivered will be binding upon the Guarantor and will be conclusive in the absence of manifest error.

Section 2.7 Application of Payments. The Trustee may apply any monies received by it or recovered under this Agreement in accordance with the Indenture and otherwise in such manner as the Trustee determines in its sole and absolute discretion.

Section 2.8 Allocation. If the Guarantor at any time pays to the Trustee an amount less than the full amount then due and payable to the Trustee under this Agreement, the Trustee may allocate and apply such payment in any way or manner and for such purpose or purposes as the Trustee in its sole and absolute discretion determines.

Section 2.9 Rights Not Contingent.

- 2.9.1 The rights and powers of the Trustee hereunder are not contingent upon the pursuit by the Trustee of any right or remedy against the Guarantor or against any other person, which may be or become liable in respect of any of the Guaranteed Obligations or any guarantee therefor or right of offset with respect thereto, and the Trustee shall not have any duty or obligation to proceed with or exhaust any remedy against the Corporation, any other obligor or guarantor, under the Indenture, or any security before proceeding against the Guarantor hereunder.
- 2.9.2 The Trustee will not be liable for any failure to demand, collect or realize upon all or any part of any security held by the Trustee in respect of the Guaranteed Obligations or for any delay in doing so and may enforce this Agreement prior to taking or without taking any action whatsoever under any such security.

ARTICLE 3 WAIVERS; SAVINGS PROVISIONS

Section 3.1 Waiver of Foreclosure Executive Proceedings Notices, Claims and Prior Actions. The Guarantor hereby waives to the fullest extent permitted by applicable law:

- 3.1.1 the foreclosure judicial executive proceedings;
- 3.1.2 notice of acceptance of this Agreement by the Guarantor herein;
- 3.1.3 notice of the creation, extension or renewal of any of the Guaranteed Obligations;
- 3.1.4 notice prior to bringing any suit, exercising any rights to security or instituting any proceedings of any kind against the Corporation or the Guarantor;
- 3.1.5 notice of any other nature whatsoever to any person (including the Guarantor and any other guarantor); and

- 3.1.6 any claims based on the Trustee's failure to protect, perfect, preserve, or resort to any collateral securing the Guaranteed Obligations.

Section 3.2 Consent. The Guarantor hereby irrevocably consents that from time to time, and without further notice to or consent of the Guarantor, the Trustee may take any or all of the following actions without affecting or impairing the guarantee provided by the Guarantor herein:

- 3.2.1 extend, renew, modify, amend, compromise, settle or release the Guaranteed Obligations or any obligor, guarantor, surety or endorser thereon, or agree to any composition, forbearance or concession in respect of the Guaranteed Obligations;
- 3.2.2 release or compromise any liability of any person or persons with respect to the Guaranteed Obligations;
- 3.2.3 amend, waive or otherwise modify any of the terms of the Indenture;
- 3.2.4 receive or release any security for the Guaranteed Obligations, substitute any collateral for any collateral of like or different kind or exchange, surrender, realize upon or otherwise deal with any such security as the Trustee may determine in its sole discretion;
- 3.2.5 adjust, compromise and receive less than the amount due upon any collateral for the Guaranteed Obligations and enter into any accord and satisfaction with respect to the same;
- 3.2.6 apply any payment or proceed received or realized from any other guarantor, as the Trustee may so choose; and
- 3.2.7 exercise or refrain from exercising any of its rights, powers or remedies under this Agreement, under applicable law or in equity.

Section 3.3 Absolute Guarantee. The guarantee provided by the Guarantor herein is subject to the conditions established in clause 2.2 of this Agreement. This guarantee will not be affected or impaired by:

- 3.3.1 any default, failure or delay, willful or otherwise, on the part of the Corporation or the Guarantor to perform or comply with the Indenture or any requirement of any applicable law;
- 3.3.2 the occurrence of a default under the Indenture;
- 3.3.3 the existence of a suit or action brought by, or judgment in favor of, any beneficiaries or creditors of the Corporation or any other Person whatsoever, including any suit or action in any way attacking or involving the Guaranteed Obligations or the Indenture;
- 3.3.4 any change whatsoever in the objects, constituencies or business of the Corporation or the Guarantor or any change in the share capital of the Guarantor;

- 3.3.5 any negligence or mistake in handling, disposing of, obtaining or failing to collect or perfect a security interest in any collateral for the Guaranteed Obligations;
- 3.3.6 any lack of limitation of status or of power, or any incapacity or disability of the Corporation or any trustee or Trustee thereof;
- 3.3.7 any change in applicable law; or
- 3.3.8 any other event, happening, matter, circumstance or condition whatsoever that might otherwise constitute a defense available to, or discharge of, the Guarantor or any other guarantor.

Section 3.4 Additional Waivers; Immediate Recourse.

- 3.4.1 The Guarantor further expressly waives irrevocably and unconditionally:
 - 3.4.1.1 any right it may have to first require the Trustee to proceed against or enforce any other rights or security or claim payment from the Corporation or any other guarantor before claiming from it under this Agreement;
 - 3.4.1.2 any right to require the Trustee to proceed against the Corporation to enforce any security on the Corporation's assets, or to pursue any other remedy in connection with any action brought or enforced against the Guarantor in any court regardless of whether such action is or is not brought against the Corporation jointly;
- 3.4.2 The obligations assumed by the Guarantor hereunder shall not be affected by the absence of judicial request of payment by the Trustee to the Corporation.

Section 3.5 Non-Competition.

- 3.5.1 Until this guarantee is released and this Agreement terminated, the Guarantor shall not, in respect of any amounts that have become payable or have been paid by the Guarantor under this Agreement, seek to enforce repayment or contribution, obtain the benefit of any security or exercise any other rights or legal remedies of any kind which may accrue to the Guarantor against the Corporation, or any other person, including any other guarantor of the Guaranteed Obligations, whether by way of subrogation, offset, counterclaim or otherwise, in respect of any of the amounts so payable or so paid.
- 3.5.2 The Guarantor shall hold in trust for, and forthwith pay or transfer to, the Trustee any payment or distribution or benefit of security received by it contrary to clause 3.5.1 above.
- 3.5.3 Upon the date this guarantee is released and this Agreement terminated:
 - 3.5.3.1 the Guarantor, if it has made any payment under this Agreement, will be entitled to exercise its rights of subrogation to its proportion of all

relevant rights of the Trustee against the Corporation; and

- 3.5.3.2 the Trustee shall, if requested by the Guarantor and at the expense of the Guarantor, execute and deliver to the Guarantor appropriate documents, without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Guaranteed Obligations resulting from any payment under this Agreement.

Section 3.6 Additional Security. This Agreement is in addition to, and is not in any way prejudiced by, any security now or hereafter held by the Trustee, nor will any such collateral or other security held by the Trustee or the liability of any person for all or any part of the Guaranteed Obligations be in any manner prejudiced or affected by this Agreement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties. The Guarantor represents and warrants that:

4.1.1 Organization; Powers.

- 4.1.1.1 The Guarantor is a company duly organized, validly existing and in good standing under the laws of Panama.

- 4.1.2 **Authorizations.** The Guarantor has obtained all authorizations that it needs to execute, deliver and comply with its obligations under this Agreement, and all of such authorizations are in full force and effect.

4.1.3 Warranties and Covenants.

- 4.1.3.1 This Agreement has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought.
- 4.1.3.2 The execution and delivery of this Agreement and the performance by the Guarantor of its obligations hereunder do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), or result in a right of termination, modification or acceleration under, or require any consent, approval or notice under, under, (i) any law applicable to the Guarantor; (ii) the articles or by-laws of the Guarantor; (iii) any mortgage, note, indenture, contract, agreement, instrument, lease or other document to which the Guarantor is a party or by which it is bound; or (iv) any judgment, decree or order binding on the Guarantor or the property or assets of

the Guarantor.

4.1.4 **Litigation.**

- 4.1.4.1 No action, suit, other legal proceeding, arbitral proceeding, administrative proceeding, investigation or other claim before or of any authority is presently in progress or pending against the Guarantor or, to the best of the Guarantor's knowledge after due inquiry, has been threatened in writing against the Guarantor.
- 4.1.4.2 Bankruptcy; Insolvency; Winding-up. The Guarantor has not taken any corporate action nor have any other legal steps been taken or legal proceedings been commenced or, to the best of the Guarantor's knowledge, threatened, against the Guarantor seeking judicial or extra-judicial reorganization, moratorium, arrangement, adjustment or composition or for the appointment of a receiver, liquidator, assignee, sequestrator (or similar official) in relation to any part of the Guarantor's property, or for the winding up, dissolution or re-organization of the Guarantor or of any or all of the Guarantor's property.

ARTICLE 5 PARTICULAR COVENANTS

Section 5.1 Affirmative Covenants. The Guarantor shall:

- 5.1.1 **Existence; Continuing Engagement in Business.** Maintain its corporate existence and take all reasonable action necessary to maintain all rights, privileges necessary or desirable in the normal conduct of its business.
- 5.1.2 **Property.** Maintain good, legal and valid title of its assets, including without limitation, the interest in the C Block; and protect and defend title to all of its assets, including without limitation, the C Block Assets and take all such commercially reasonable acts and steps as are necessary or advisable at any time and from time to time to retain its ownership in all such assets, including without limitation, the C Block Assets in good standing and to cure any material title defects in respect of all such assets, including without limitation, the C Block Assets.
- 5.1.3 **Conditions of Business; Compliance with Applicable law.** Design, construct, own, operate, maintain, monitor and repair all of its sites, plant, equipment, facilities and other property, and otherwise conduct its business, in accordance with prudent industry practices and all applicable laws.
- 5.1.4 **Payment of Taxes.** The Guarantor shall from time to time pay or cause to be paid all taxes, rates, levies, assessments (ordinary or extraordinary), government fees or dues lawfully levied, assessed or imposed upon or in respect of its respective property or any part thereof or upon its income and profits as and when the same become due and payable and to withhold and remit any amounts required to be

withheld by it from payments due to others and remit the same to any government or agency thereof, and it shall exhibit or cause to be exhibited to the Trustee, when requested, the receipts and vouchers establishing such payment and shall duly observe and conform to all applicable requirements of any Governmental Authority relative to any of the property or rights of the Guarantor and all covenants, terms and conditions upon or under which any such property or rights are held; provided, however, that the Guarantor shall have the right to contest in good faith and diligently by legal proceedings any such taxes, rates, levies, assessments, government fees or dues, and during such contest, may deliver or defer payment or discharge thereof.

- 5.1.5 **Maintenance of Authorizations, Permits, Etc.** The Guarantor shall maintain in good standing and in full force and effect all material authorizations, permits, consents, registrations and approvals necessary to properly conduct their respective businesses in accordance with this Indenture or to perform and comply with their respective obligations under this Indenture and this Agreement.
- 5.1.6 **Further Assurances.** The Guarantor shall perform, execute and deliver all acts, agreements and other documents as may be reasonably requested in writing by the Trustee at any time to register, file, signify, publish, perfect, maintain, protect, and enforce this guarantee so that this Agreement will constitute valid and, upon registration in the appropriate registry if needed, perfected charges or security interests upon the applicable assets of the Guarantor free and clear of all Liens, except Permitted Encumbrances.
- 5.1.7 **Books and Records.** The Guarantor shall at all times keep proper books of account and make or cause to be made therein true and faithful entries of all its dealings and transactions in relation to its business in accordance with GAAP.
- 5.1.8 **Compliance with Laws and Regulations.** The Guarantor shall observe and comply in all material respects with the requirements of all applicable laws, judgments, orders, decisions and awards of any Governmental Authority (including laws, rules, regulations and orders relating to taxes, employer and employee contributions, securities, employee retirement and welfare benefits, and environmental protection matters and employee health and safety) as now in effect and which may be imposed in the future in all jurisdictions where the assets of the Guarantor are located or may hereafter be located.

Section 5.2 Negative Covenants. The Guarantor shall not:

- 5.2.1 **Pledge.** Create, incur or assume any Lien upon or with respect to the C Block Assets, other than Permitted Encumbrances.
- 5.2.2 **Limitations on Indebtedness of Corporation and Restricted Subsidiaries.** Directly or indirectly create, issue, incur, assume or otherwise become liable for or in respect of any Indebtedness, other than Permitted Indebtedness

ARTICLE 6 EVENTS OF DEFAULT

Section 6.1 Events of Default. The events of default set forth in the Indenture shall apply to, and are hereby incorporated by reference as if fully set forth in, this Agreement, *mutatis mutandis*.

ARTICLE 7 MISCELLANEOUS

Section 7.1 Currency. The Guarantor hereby agrees that payments hereunder on account of the Guaranteed Obligations shall be made in the currency (the "Agreed Currency") in which each such Guaranteed Obligation is payable and if any payment is received in another currency (the "Other Currency"), such payment shall constitute a discharge of the liability of the undersigned hereunder only to the extent of the amount of the Agreed Currency which the Trustee may in accordance with normal procedures purchase with the amount of the Other Currency received by it on the Business Day next following such receipt and after deducting any costs of exchange. If any judgment or order expressed in a currency (the "Judgment Currency") other than the Agreed Currency is rendered against the Guarantor for the payment of any amount owing hereunder, the Trustee, after recovery in full of the aggregate amount to which it is or they are entitled pursuant to the judgment or order, will be entitled to receive immediately from the Guarantor the amount of any shortfall of the Agreed Currency received by the Trustee as a consequence of sums paid in such Judgment Currency (a "Shortfall Payment") if such shortfall arises or results from any variation between the rate of exchange at which the Agreed Currency is converted into the Judgment Currency for the purposes of such judgment or order and the rate of exchange at which the Trustee may in accordance with normal procedures purchase with the amount of the Judgment Currency received by it on the Business Day next following such receipt and after deducting any costs of exchange. Any excess otherwise arising as a result of any such variation in a rate of exchange will be immediately paid by the Trustee to the Guarantor. Any Shortfall Payment due hereunder shall be due as a separate and distinct obligation of the Guarantor and, until discharged, shall continue in full force and effect. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Agreed Currency.

Section 7.2 Notices. All notices or other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by telefacsimile, charges prepaid, at or to the address or telefacsimile number of the party set opposite its name below or to such other address or addresses, telefacsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time); otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by telefacsimile shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was prior to 4:00 p.m. (Toronto time); otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Trustee:

Equity Financial Trust Company
200 University Ave., Suite 400
Toronto, Ontario
M5H 4H1

Attention: Corporate Trust Department
Fax: (416) 361-0470

In the case of the Guarantor:

Alange Corp.
333 Bay Street, Suite 1100
Toronto, Ontario
M5H 2R2
Fax: (416) 360-7783

Section 7.3 Successors and Assigns. This Agreement binds and benefits the respective successors and assigns of the parties, except that the Guarantor may not assign or delegate any of its rights or obligations under this Agreement without the prior consent of the Trustee.

Section 7.4 Counterparts. This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

Section 7.5 Amendment. This Agreement may be amended by the parties at any time only by a written instrument signed by or on behalf of each of the parties.

Section 7.6 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only as broad as it is enforceable.

Section 7.7 Applicable Law and Jurisdiction. The substantive laws of Panama shall govern this Agreement for all purposes, including the resolution of disputes between or among Parties. Any legal action or proceeding with respect to this Agreement, or the security interest provided hereunder, shall be brought in the courts of Panama City, Panama; and thus, the Parties hereby expressly submit to the jurisdiction of such courts.

Section 7.8 Term of Agreement. This Agreement shall continue in force until the date on which the Trustee is satisfied that all Guaranteed Obligations have been indefeasibly paid and discharged in full.

Section 7.9 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and shall supersede and replace any and all prior agreements between the Parties relating to the subject matter set forth herein.

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed and delivered as of 5th May 2011.

ALANGE CORP.

Per:

Name:

Title:

EQUITY FINANCIAL TRUST COMPANY

Per:

Name:

Title:

SCHEDULE F - FORM OF GENERAL PLEDGE OF ASSETS

GENERAL PLEDGE OF ASSETS (THE "AGREEMENT")

GRANTED BY ALANGE CORP.

IN FAVOR OF

**EQUITY FINANCIAL TRUST COMPANY, FOR ITSELF AND AS TRUSTEE OF THE
NOTE INDENTURE DATED AS OF _____, 2011**

This Agreement is made the _____ day of _____, 2011 by and between:

ALANGE CORP., a corporation organized and existing under the laws of the Republic of Panama, duly registered at Microjacket 668633, Document 1612444 of the Public Registry Office of the Republic of Panama, domiciled at _____, (the "**Company**"); and

EQUITY FINANCIAL TRUST COMPANY, a trust company existing under the laws of Canada, domiciled at _____; (the "**Trustee**") as trustee of the Note Indenture (the "**Indenture**") dated _____, between **ALANGE ENERGY CORP.** ("**ALANGE**") and the Trustee (the Company and the Trustee collectively as the "**Parties**");

Capitalized terms used in this Agreement (including the preamble and recitals) and not otherwise defined herein, shall have the respective meanings given to such terms in the Indenture.

WHEREAS

- A. **ALANGE** and the Trustee entered into the Indenture whereby **ALANGE** agreed to create and issue Notes for a maximum aggregate principal amount of _____.
- B. Under Section 15.1 of the Indenture, **ALANGE** agreed to cause the Restricted Subsidiaries to execute and deliver to the Trustee, for the benefit of the Noteholders, the Security Documents among which is a first ranking lien, charge and security interest in and over its present and future personal property, assets and undertaking.
- C. The Company is a direct wholly-owned Subsidiary of **ALANGE** and therefore a Restricted Subsidiary under the terms of the Indenture.

THE COMPANY HEREBY GRANTS IN FAVOR OF THE TRUSTEE, FOR THE BENEFIT OF THE NOTEHOLDERS A GENERAL PLEDGE OF ASSETS SUBJECT TO THE FOLLOWING CLAUSES:

- 1. As general and continuing security for the due and punctual payment and performance of any and all of the present and future Obligations of **ALANGE** under the Indenture, the Company hereby grants to the Trustee a GENERAL PLEDGE OF ASSETS upon (a) all its assets, whether now or hereafter existing or acquired and wherever located (except for the Republic of Panama), and (b) all present and future products and proceeds of its assets, including, without limitation, insurance proceeds.

THE OUTSTANDING PRINCIPAL AMOUNT OF THE OBLIGATIONS OF THE COMPANY AT ANY ONE TIME OUTSTANDING SHALL NOT EXCEED THE SUM OF _____ CANADIAN DOLLARS (C.\$_____).

THE ADDRESSES OF THE COMPANY AND THE TRUSTEE ARE SET FORTH ON THE PREAMBLE AND SIGNATURE PAGE(S) OF THIS AGREEMENT.

2. As used herein, the term "Obligations" shall mean without duplication, all present and future indebtedness, liabilities and obligations of any kind whatsoever, including without limitation the Indenture, under, in connection with or relating to the Indenture.
3. As used herein, the term "Assets" shall mean (a) all the Company's assets, whether now or hereafter existing or acquired and wherever located (except for the Republic of Panama), and (b) all present and future products and proceeds of its assets, including, without limitation, insurance proceeds, including but not limited to:

[] A. **All Personal Property.** All of the personal property and fixtures of the Company wherever located (except for the Republic of Panama) and whether now owned or in existence or hereafter acquired or created, or every kind and description, tangible or intangible, including without limitation all inventory (including, without limitation, Inventory as defined in Section 3(C) hereof), goods and accessions thereto, equipment and accessions thereto, products, documents, chattel paper (whether tangible or electronic), accounts (including, without limitation, Accounts as defined in Section 3(D) hereof), contract rights, securities and other investment property, general intangibles, tax refund claims, patents, trademarks, intellectual property, payment intangibles, software supporting obligations, instruments promissory notes, letters of credit and proceeds thereof, advices of credit, letter-of-credit-rights (whether or not the letter of credit is evidenced by a writhing), commercial tort claims, cash, credits, deposits, deposit accounts (general or special) and certificates of deposit.

[] B. **Equipment.** Equipment (of any nature and description), now owned or hereafter acquired and wherever located, employed in the operation of the Company's business, and all proceeds thereof and products of such equipment in any form whatsoever. As used herein, the term "Equipment" shall also mean and include all spare parts therefore, all present and future additions, attachments and accessions thereto, all substitutions therefore and replacements thereof. Nothing herein shall be construed as giving a right to the Company to sell any equipment which is the subject of this Agreement.

[] C. **Inventory.** All of the inventory of the Company, of every kind or description, now owned or hereafter acquired and wherever located, whether raw, in process or finished, all goods usable in processing the same and all documents, documents of title and receipts covering any inventory (herein referred to as "Inventory"), and all proceeds thereof and products of such inventory in any form whatsoever, including but not limited to accounts and chattel paper (whether tangible or electronic) and cash proceeds.

- [] **D. Accounts and Chattel Paper.** All of the Company's present and future accounts (including, without limitation, insurance receivables), contract rights, letters of credit, letter-of-credit rights, general intangibles, tax refund claims, payment intangibles, software, supporting obligations, instruments, promissory notes, and chattel paper (whether tangible or electronic) and all other rights to the payment of money arising out of the sale (or lease) of goods or services (herein referred to in plural as "Accounts" and in the singular as "Account"), all proceeds thereof and all liens, securities, guarantees, remedies, and privileges pertaining thereto, together with all rights and liens of the Company in and such goods, including returned or repossessed goods, and all rights and property of any kind forming the subject matter of any of the Accounts.

If no box is checked, Clause A (All Personal Property) shall be deemed applicable for all purposes of this agreement. If the Clause A box is checked, checking also the Clause B and/or Clause C and/or Clause D and/or Clause E box(es) is not intended, and shall not be construed, to limit the generality or legal effect to the description contained in Clause A.

4. (a) If the Company shall at any time acquire a commercial tort claim, which the Company reasonably believes based upon then-current information is likely to result in a judgment in favor of the Company in excess of C.\$1,000,000.00, the Company shall promptly notify the Trustee in a writing signed by the Company of the brief details thereof and grant to the Trustee in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Trustee.
- (b) The Trustee may at any time and from time to time file financial statements, continuation statements and amendments thereto that describe the Assets of the Company for the sufficiency or filing office acceptance of any financial statement, continuation statement or amendment. The Company agrees to furnish any such information to the Trustee promptly upon request. Any such financial statements, continuation statements or amendments may be signed by the Trustee on behalf of the Company and may be filed at any time with or without any signature of the Company or the Trustee in any jurisdiction.
- (c) The Company shall at any time and from time to time, take such steps as the Trustee may request for the Trustee to (i) obtain an acknowledgment, in form and substance satisfactory to the Trustee, of any bailee having possession of any of the Assets that the bailee holds such Assets for the Trustee, (ii) obtain control of any investment property, deposit accounts, letter-of-credit rights or electronic chattel paper, with any agreements establishing control to be in form and substance satisfactory to the Trustee, and (iii) otherwise insure the continued perfection and priority of the Trustee's security interest in any of the Assets and of the preservation of its rights therein.
- (d) Any and all deposits or other sums at any time credited by or due from the Trustee to the Company, any and all monies, securities and other property of the Company and the proceeds thereof now or hereafter held or received by or in transit to the Trustee from or for the Company, whether for safekeeping, custody,

pledge, transmission, collection or otherwise, shall at all time constitute security for any and all Obligations.

5. The Company represents and warrants that: (a) no financial statement (other than any which may have been filed on behalf of the Trustee) relating to any of the Assets is on file in any public office; and (b) the Chief Executive Office of Company (if any), and the Assets are respectively located at the address(es) set forth in this Agreement and the Company will not change such location or permit any additional location without prior written notice to and consent of the Trustee; and (c) the Company has not created and there is no security interest, lien or encumbrance on or affecting the Assets other than the Permitted Encumbrances and the security created hereby.
6. The Company assumes all liability and responsibility in connection with all Assets acquired by the Company; and the obligation of the Company to pay all Obligations shall in no way be affected or diminished by reason of the fact that any such Assets may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to the Company.
7. As long as this Agreement shall remain in effect, the Company covenants and agrees as follows: (a) that if the Trustee so demands in writing at any time (i) all proceeds of the Assets shall be delivered to the Trustee promptly upon their receipt in a form satisfactory to the Trustee or paid directly to the Trustee, as the Trustee may elect, and (ii) all chattel paper, instruments, and documents pertaining to the Assets shall be delivered to the Trustee at the time and place and in the manner specified in the Trustee's demand; (b) to enable the Trustee to comply with the laws of any jurisdiction, including state, federal and foreign, applicable to any security interest granted hereby, to execute and deliver promptly upon request, in form acceptable to the Trustee, any financial statement, notice, statement, instrument, document, agreement or other paper and/or to perform any act request by the Trustee which may be necessary to create, perfect, preserve, validate or otherwise protect such security interest of to enable the Trustee to exercise and enforce the Trustee's rights hereunder; (c) promptly to pay any filing fees or other costs in connection with (i) the filing or recordation of such financial statements or any other papers described above, and (ii) such searches of the public records as the Trustee in its sole discretion shall require; (d) that the Trustee is authorized to file or record any such financial statements or other papers without the signature of the Company if permitted by applicable law; (e) the Trustee may file a photographic or other reproduction of this Agreement in lieu of a financial statement in any filing office where it is permissible to do so; (f) except for the security interest granted hereby, the Company shall keep the Assets and proceeds and products thereof free and clear of any security interests, liens or encumbrances of any kind, except for Permitted Encumbrances; the Company shall promptly pay, when due, all taxes and transportation, storage and warehousing charges and fees affecting or arising out of, or that could result in any liens on, the Assets and shall defend the Assets against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Trustee; in the event the Company fails to pay any such charges or fees, the Trustee may (but shall not be obligated to) pay any such charges or fees, in which event the Company shall pay to the Trustee upon its request the amount so paid; (g) at all times to keep all insurable Assets insured and maintain all other insurance at the expense of the Company to the Trustee's satisfaction against loss by fire, theft and any other risk to which the Assets may be subject; all insurance policies shall be

endorsed in favor of the Trustee, with loss payable endorsements satisfactory to the Trustee and, if the Trustee so requests, shall be deposited with the Trustee; and in any event, such policies will provide that each insurer will give the Trustee not less than 30 days notice in writing prior to the exercise of any right of cancellation or non-renewal; in the event Company fails to maintain any insurance the Trustee may (but shall not be obligated to) place such insurance and pay the premium therefrom in which event Company will pay the Trustee upon its request such premium; the Trustee may apply any proceeds of such insurance which may be received by it toward payment of (or as cash collateral for) any of the Obligations, whether or not due, in such order of application as the Trustee may determine; (h) that the Trustee's duty with respect to the Assets shall be solely to use reasonable care in the custody and preservation of Assets in its possession; the Trustee shall not be obligated to take any steps necessary to preserve any rights in any of the Assets against prior parties, and the Company hereby agrees to take such steps; the Company shall pay to the Trustee upon its request all costs and expenses, including filing and reasonable attorney's fees, incurred by the Trustee in connection with the custody, care, preservation or collection of the Assets, if any; the Trustee may, but is not obligated to, exercise any and all rights of conversion or exchange or similar rights, privileges and options relating to the Assets; the Trustee shall have no obligation to sell or otherwise realize upon any of the Assets as herein authorized and shall not be responsible for any failure to do so or for any delay in so doing; in the event of any litigation, with respect to any matter connected with this Agreement, the Obligations, the Assets, or any other instrument, document or agreement applicable hereto or to any one or more of them in any respect, the Company hereby waives all defenses, rights of setoff and rights to interpose counterclaims of any nature; (i) to provide the Trustee with such information as the Trustee may from time to time request with respect to the Assets and any of its places of business; (j) that the Trustee will be notified promptly in writing of any change in any office or location of Assets as set forth below; (k) that the Company will permit the Trustee, by its officers and Trustees, to have access to and examine at all reasonable times and at the Company's expense the properties (including, without limitation, all Assets), minute books and other documents and records of the Company; (l) that the Company shall, if requested by the Trustee, and the Trustee shall also have the right to, notify all warehouses, shipping companies and other persons in possession of any Assets of the Trustee's security interest therein and obtain the agreement of all such persons that they hold and will hold possession of such Assets for the benefit of the Trustee and deliver the same at the direction of the Trustee without further consent of the Company; and (m) that the Company will promptly notify the Trustee upon the occurrence of any Event of Default, of which the Company has knowledge.

8. (a) The Company agrees as follows: (i) the Company will not, without first obtaining the prior written consent of the Trustee, renew or extend the time of payment of any Account; (ii) the Company will promptly notify the Trustee in writing of any compromise, settlement or adjustment with respect to an Account and will, prior to effecting any compromise, settlement or adjustment, account therefore to the Trustee in cash for the amount thereof without demand of notice; (iii) the Company will stamp, in form and manner satisfactory to the Trustee, its accounts receivable ledger and other books and records pertaining to the Accounts, with an appropriate reference to the security interest of the Trustee in the Accounts; (iv) upon request, the Company will furnish the Trustee original or other papers

relating to the sale of merchandise or the performance of labor or services which created any Account; (v) the Company may collect the Accounts, subject to the discretion and control of the Trustee, but the Trustee may, without cause or notice, curtail or terminate such authority at any time; and the Trustee may at any time, in the name of the Company or the Trustee, request verification of any Accounts; (vi) the proceeds of the Accounts, when collected by the Company, whether consisting of cash, checks, notes, drafts, money orders, commercial paper of any kind whatsoever, or other documents, received in payment of the Accounts, shall be promptly remitted by the Company to the Trustee, in precisely the form received, except for endorsement by the Company when required; (vii) such proceeds until remitted to the Trustee, as aforesaid, shall be held in trust by the Company for, and as the property of the Trustee and shall not be commingled with other funds, money or property; (viii) proceeds of the Accounts will be received by the Trustee subject to final collection and receipt of proceeds in cash or by unconditional credit to and accepted by the Trustee; (ix) the Trustee shall apply in absolute description, all collections received by it on be Accounts, toward the payment of any of the Obligations whether due or not due in such order as the Trustee shall determine; (x) the Company will promptly notify the Trustee in writing of the return or rejection of any merchandise represented by the Accounts and the Company shall forthwith account therefore to the Trustee in cash without demand or notice and until such payment has been received by the Trustee, the Company will receive and hold all such merchandise separate and apart, in trust for and subject to the security interest in favour of the Trustee; and (xi) upon the occurrence of an Event of Default the Trustee is authorized to sell, for the Company's account and sole risk, all or any part of such merchandise in the manner and under the terms and conditions hereinafter set forth.

- (b) The Company represents and warrants to the Trustee that the Company is the sole owner of the Accounts and no one has or claims to have any kind therein or thereto; each of the Company and other obligors named in or obligated under every such Account is indebted the Company in the amount and on the terms indicated in the invoice or other evidence of such Account and schedule of Accounts; each Account is bona fide and arises out of the completed performance of labor or services or the sale and delivery or lease of merchandise or both; and one of the Accounts is now, nor will at any time in the future become contingent upon the fulfilment of any contract or conditions whatsoever, nor subject to any defence, recoupment, offset or counterclaim.
 - (c) The Company will maintain accurate and complete records of the Accounts and will make the same available to the Trustee at any time upon demand.
9. Upon an Event of Default (as defined in the Indenture) (a) all Obligations shall become at once due and payable, without notice, presentment, demand for payment or protest, which are expressly waived; (b) the Trustee is authorized to take possession of the Assets and, for that purpose may enter, with the aid and assistance of any persons, any premises where the Assets, or an thereof is, or may be, placed and remove same; (c) the Trustee proceed to apply to the Obligations, any and all deposits or other sums described in Section 4 hereof; (d) the Trustee may require the Company to assemble the Assets and to make it available to the Trustee at a place designated by the Trustee which is reasonably

convenient to the Trustee and the Company; (e) the Trustee shall have the right from time to time to sell, resell, assign, transfer and deliver all or any part of the Assets, at any broker's board or exchange, or at public or private sale or otherwise, at the option of the Trustee, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Trustee may deem proper, and in connection therewith may grant options and may impose reasonable conditions such as requiring and purchase to represent that any securities constituting part of the Assets are being purchased for investment purpose only, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon the Company or right of redemption to the Company, which are hereby expressly waived; unless the Assets is perishable or threatens to decline speedily in value or is of a type customarily sold on recognized market, the Trustee will give the Company reasonable notice of the time and place of any such public sale or of the time after which any private sale or any other intended disposition thereof is to be made and Company agrees that five (5) days prior notice shall be deemed reasonable notice; (f) upon each such sale, the Trustee may unless prohibited by applicable statute which cannot be waived, purchase all or any part of the Assets being sold, free from and discharge of all trusts, claims, purchase all or any part of the Assets being sold, free from and discharge of all trusts, claims, rights of redemption and equities of the Company, which are hereby waived and released; (g) the Trustee shall, upon mailing notice to the Company that it so elects, have from the date of such mailing the right from time to time to vote any shares of stock securing any of the Obligations; provided, however, the Trustee at any time, before or after the occurrence of any Event of Default, may but shall not be obligated to, transfer into or out of its own name or that of its nominee all or any of the Assets which is instruments, documents, stocks, bonds, and other securities, and the Trustee or its nominee may demand, sue for, collect, receive and hold as like Assets any or all interest, dividends and income thereon and if any securities are held in the name of the Trustee or its nominee, the Trustees may, after the concurrence of any such events, exercise all voting and other rights pertaining thereto as if the Trustee were the absolute owner thereof; but the Trustee shall not be obligated to demand payment of, protest, or take any steps necessary to preserve any rights in any such Assets against prior parties, or take any action whatsoever in regard to any such Assets, all of which the Company assumes and agrees to do. Without limiting the generality of the foregoing, the Trustee shall not be obligated to take any action in connection with any conversion, call, redemption, retirement or any other event relating to any of such Assets, unless the Company gives written notice to the Trustee at the Trustee's office at which the Obligations are maintained that such action shall be taken not more than thirty (30) days prior to the time such action may first be taken and not less than ten (10) days prior to the expiration of the time during which such action may be taken; and (h) the Trustee's obligations, if any, to give additional (or to continue) financial accommodations of any kind to the Company shall immediately terminate.

10. In the case of each such sale or other disposition or exercise of remedies under Section 9 above of any proceedings to collect any of the Obligations, the Company shall be obligated to pay all costs and expenses of every kind relating thereto or in connection therewith, including reasonable attorneys fees, and after deducting such costs and expenses from the proceeds of sale, disposition or collection, the Trustee may apply any residue to pay any of the Obligations in such order as the Trustee shall determine.

11. The Trustee may, but is not obligated to, (a) demand, sue for, collect any money or property at any time due payable or receivable on account of or in exchange for any Obligations securing any of the Obligations, (b) compromise and settle with any person liable on such obligation, and/or (c) extend the time of payment of or otherwise change the terms thereof, as to any party liable thereon, all without incurring responsibility to the Company or affecting any of the Obligations.
12. To effectuate the terms and provisions hereof, the Company hereby designates and appoints the Trustee and its assignees as attorneys-in-fact of Company, irrevocably and with power of substitution, with authority to receive, open and dispose of all mail addressed to Company, to notify the Post Office authorities to change the Address for delivery of mail addressed to Company to such address as Trustee may designate; to endorse the name of Company on any notes, acceptances, checks, drafts, money orders, instruments or other evidence of payment or proceeds of the Assets that may come into Trustee's possessions; to sign the name of Company on any invoices, documents, draft against and notices (which also may direct, among other things, that payment be made directly to the Trustee) to Account debtors or obligors of Company, assignments and request for verification of Accounts; to execute proofs of claim and loss; to execute any endorsements, assignments, or other instruments of conveyance or transfer, to adjust and compromise any claims under insurance policies; to execute releases; and to do all other acts and things necessary and advisable in the sole discretion of the Trustee to carry out and enforce this agreement. All acts of said attorney or assignee are hereby ratified and approved and said attorneys or assignee shall not be liable for any acts of commissions or omission, no for any error of judgment or mistake of fact or law. This power of attorney being coupled with an interest is irrevocable while any of the Obligations shall remain unpaid.
13. No delay on the part of the Trustee in exercising any of its options power, or right, or partial or single exercise thereof, shall constitute a waiver thereof. Neither this Agreement nor any provision hereof may be modified, changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the modification, change, waiver, discharge or termination is sought. The Trustee shall have the right, for and in the name, place and stead of the Company, to execute endorsements, assignments or other instruments of conveyance or transfer with respect to any of the Assets. Each of the representations and warranties of the Company contained hereunder herein shall be deemed to be repeated and restated upon each request by the Company to the Trustee for any loan or other extension of credit.
14. Notice of acceptance of this Agreement by the Trustee is hereby waived. This Agreement shall be immediately binding upon the Company and its successors and assigns.
15. The intention of the parties is: (a) that, this Agreement shall constitute a continuing agreement applying to any and all future, as well as existing transaction between the Company and the Trustee; and (b) that the security interest provided for herein shall attach to after-acquired as well as existing Assets and the Obligations covered by this Agreement shall include future advances and other value, as well as existing advances and other value, whether or not similar to prior or existing advances or other value, and whether or not the advances or value are or shall be given pursuant to commitment, all to the maximum extent permitted by applicable law.

16. This Agreement shall be governed by and construed in accordance with the laws of the Republic of Panama applicable therein, without giving effect to conflicts of laws principles, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where the Assets of the Company may be found. The parties irrevocably submit to the non-exclusive jurisdiction of the courts of the Republic of Panama and hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such courts. The Company hereby irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action or proceeding. The Company hereby also consents to the service of process in any such legal action or proceeding by personal delivery by the Trustee to the address specified in the records of the Trustee. The Company agrees that a final judgment in any such legal action or proceeding shall be conclusive and may be enforced in any manner provided by law.

IN WITNESS WHEREOF, the Company and the Trustee have executed this Agreement or has caused these present to be executed and delivered this _____ day of _____, 2011.

By: _____
Name:
Office:
Address:

By: _____
Name:
Office:
Address:

**SCHEDULE G – FORM OF PLEDGE OF ECONOMIC RIGHTS UNDER
CONCESSION AGREEMENTS**

**OPEN COMMERCIAL PLEDGE AGREEMENT WITHOUT POSSESSION BY THE
CREDITOR UPON THE ECONOMIC RIGHTS DERIVED FROM THE
EXPLORATION AND EXPLOITATION CONTRACT**

between

**ALANGE ENERGY CORP.
as the Pledge Debtor;**

and

**EQUITY FINANCIAL TRUST COMPANY,
As the Pledge Creditor and Trustee**

May 5, 2011

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**OPEN COMMERCIAL PLEDGE AGREEMENT WITHOUT POSSESSION BY THE
CREDITOR UPON THE ECONOMIC RIGHTS DERIVED FROM THE
EXPLORATION AND EXPLOITATION CONTRACT**

Between the undersigned, namely:

1. [Name], of age, identified as shown below his/her signature, acting in this act on behalf of ALANGE ENERGY CORP., a company legally incorporated and currently in existence in conformity with the laws of Canada, with its principal domicile in the Toronto, Canada, with a Colombian branch, branch of the foreign entity, is registered public deed number 2714 dated September 10, 2008, of Notary 4 of Bogotá, and duly empowered to enter into this contract by the board of directors of the company, (the “Pledge Debtor” below);
2. [Name] of age, identified as shown below his/her signature, acting herein on behalf of EQUITY FINANCIAL TRUST COMPANY, a foreign institution, duly incorporated and currently in existence in conformity with the laws of Canada, without a domicile registered in Colombia, in his/her capacity as attorney as shown in the limited power of attorney duly legalized, which is attached hereto and made a part of this document, who is acting in its own name and also on behalf of the Note Holders, as this term is defined in the Note Indenture.

The Pledge Debtor and the Pledge Creditor, which shall be jointly referred to as the “parties”, had decided to enter into this OPEN COMMERCIAL PLEDGE AGREEMENT WITHOUT POSSESSION UPON THE ECONOMIC RIGHTS DERIVED FROM THE EXPLORATION AND EXPLOITATION CONTRACT (the “Pledge Agreement” or the “Pledge”), which shall be based on book 4, title 9, chapter 2, of the Colombian Code of Commerce, and any other applicable and related rules of law, and which shall be governed by the following:

PRELIMINARY CONSIDERATIONS

- (a) The Pledge Debtor is a company dedicated to the exploration for and production of hydrocarbons in Colombia, and in order to pursue this line of business has a branch office that is called Alange Energy Corp. Sucursal Colombia, domiciled in the city of Bogotá, registered with the Chamber of Commerce of Bogotá D.C., under registration number 1838776 dated September 23, 2008, all of which is shown in the certificate issued by the aforementioned entity, which is attached hereto and is made an integral part of this Pledge Agreement.
- (b) On May 5, 2011, a contract called “Note Indenture” (in English) was entered into by the Pledge Debtor, in its capacity as debtor and the Credit Debtor, in its capacity as Trustee, whereby the Debtor will issue a series of shares (“Notes”) for a value of up to thirty one million, fifty thousand Canadian Dollars (CAN\$31,050,000) (the “Note Indenture”) as the same may be in force.

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- (c) In order to secure compliance with the present or future obligations of the Pledge Debtor under the Note Indenture or any of the documents granted or that may be granted by virtue of the Note Indenture, including but without being limited to the Notes (Notes as defined in the Note Indenture), the parties have agreed to enter into this Pledge Agreement pursuant to which the Pledge Debtor has accepted to establish an open Pledge in favor of the Pledge Creditor acting on behalf of future Noteholders, upon the entirety of the economic rights and participating Rights of the Pledge Debtor (The “Rights”), which derive from the exploration and exploitation contract (E&P contract) entered into on October 8, 2004, which the Pledge Debtor entered into with the National Hydrocarbons Agency (“ANH”, for the Spanish initials), regarding the economic rights deriving from the Cubiro Block, Block C (referred to below as the “Exploration and Exploitation Contract”).

ARTICLE I PLEDGE ESTABLISHED

Based upon the above preliminary considerations, the Pledge Debtor, acting in such capacity and in the conditions indicated herein, in conformity with the terms set out by Articles 1207 and 1220 of the Colombian Code of Commerce and Article 2414 of the civil code, establishes by means of this document in favor of the Pledge Creditor, in his name and on behalf of the future Noteholders, an open commercial pledge agreement without possession, upon the Rights, according to the direct or indirect participation it has in the said contract, as established in this Pledge Agreement.

ARTICLE II PURPOSE

Section 2.01 Secured Obligations.

The purpose of this Pledge Agreement is to secure for the benefit of the Pledge Creditor, in his name and on behalf of the future Noteholders, compliance with all the present and future obligations that the Pledge Debtor, under the Note Indenture and any other monetary obligation allowed by the Note Indenture, particularly those regarding the payment of all the pending sums referring to capital, Rights, moratory interests, expenses, (including judicial and non-judicial expenses), costs and any other monetary obligations that the Pledge Debtor may assume in the future for the benefit of the Pledge Creditor, in any manner or for whatever reason, whether or not backed by securities, current commercial account agreement or any other means of evidence, either acting in its individual and separate capacity, or jointly or acting as a joint and several debtor (the “Secured Obligations” below), to the point where the Secured Obligations are totally repaid, pursuant to the terms set out, in each case, in the Note Indenture or in the document or documents that either establish or are in the Secured Obligations.

Section 2.02 Pledge value.

For purposes of Article 1219 of the Colombian Code of Commerce, the parties declare that: (i) the amount of the president in future obligations are covered by this Pledge Agreement will be up to the amount of thirty one million, fifty thousand Canadian Dollars

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(CAN\$31,050,000), and over and above the aforementioned amount it covers all the interest, costs and expenses in conformity with the stipulations of the Note Indenture; and (ii) the total duration of this Pledge Agreement shall be of ten years, counted from the date of this Pledge Agreement, or through the date on which the Secured Obligations are fully paid, whichever occurs first.

ARTICLE III DELIVERY OF THE CONTRACT

In order to comply with the rules set out at Article 2414 of the civil code and Articles 1207 to 1220 of the Code of Commerce, the Pledge Debtor delivers an authenticated copy of the Exploration and Exploitation Contract, as amended, added to, and clarified, in which the Rights have been set down, to the Pledge Creditor, in such a manner that the titles in which the Rights that have been pledged hereunder are set down shall remain in custody at the main offices of the Pledge Creditor. This delivery is made without prejudice to the stipulations of Article V below.

ARTICLE IV OWNERSHIP

The Pledge Debtor declares and guarantees that: (i) that he is a full, valid and legitimate owner of the entirety of the Rights that have been pledged hereunder, given that he acquired the same in conformity with the Exploration and Exploitation Contract; (ii) the Rights are free, among others, for any liens, pending litigation, condition subsequent, attachments, ownership restrictions and partitions, reservation of ownership, removing property out of commerce, precautionary measures, and that they have not been assigned to any third parties, and that there is no prior lien or Pledge upon them, and that their possession is not subject under any reservation or any other ownership restriction, in that they are free from any factual or legal situation that could impair either under the law or physically their ownership, enjoyment and physical possession on the part of the Pledge Debtor. The Pledge Debtor agrees to cure any defects in the ownership rights in the Rights which are pledged hereunder, and guarantees that it shall come forward and answer for any eviction or occult defects thereof and in respect of the entitlement of the ownership and possession of such Rights in conformity with Colombian laws.

ARTICLE V HOLDING

In the aforementioned capacity, the Pledge Debtor shall continue to hold the Rights that are subject to a Pledge under this Pledge Agreement, and may use the same, with the obligations and responsibilities of the remunerated depositary, and agrees to comply with all the obligations that derive from the Exploration and Exploitation Contract, and to keep in custody, preserve and maintain the said Rights with regular diligence and care; and it shall be liable even for slight negligence, in such a matter that these are always in normal conditions to be exercised during the lifetime of the lien.

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ARTICLE VI SCOPE OF THE PLEDGE

This Pledge Agreement guarantees compliance with the Secured Obligations, including, but without being limited to, the obligations to pay the amounts there payable in accordance with the Note Indenture, to the point where they are fully paid, by virtue of having been effectively paid; therefore, it shall cover the original obligations and shall extend to any extensions, amendments, renewals, and amplifications, and shall continue to be in force for as long as there is any unpaid balance of such debts and obligations.

ARTICLE VII AMPLIFICATION OF THE SECURED OBLIGATIONS

Likewise, this alleged agreement guarantees the payment of all the accessory obligations to the Secured Obligations in accordance with the Note Indenture and any other documents in which the same have been set down, as well as any other obligations of the Pledge Debtor as may be contained in the documents that amend or amplify the said Note Indenture, including but without being limited to matters relating to time limits or terms, enforceability, accelerated payments, interest, commissions, and any other payment terms.

ARTICLE VIII OBLIGATIONS OF THE PLEDGE DEBTOR

This Pledge Agreement imposes upon the Pledge Debtor the obligations contained in the laws and any other legal provisions that apply and that relate to open commercial Pledge Agreements, without possession by the creditor, and initially the obligations contained in Articles 1212 and 1217 of the Colombian Code of Commerce, and the following:

(a) Register for his account this Pledge Agreement and any other amendments or updates in the mercantile register of the Chamber of Commerce of Bogotá D.C., and any subsequent amendments thereto within the five (5) working days following the date on which they are granted or executed, to deliver to the Pledge Creditor, the corresponding counterparts of: (i) the original of this document; and (ii) a certificate issued by the Chamber of Commerce of Bogotá attesting to the fact that the Pledge Agreement has been registered as a matter of fact.

(b) To preserve the Rights that have been pledged, without doing anything that may jeopardize the exercise of the Rights, either by way of making any total or partial assignments, or by granting any liens, usufructs (beneficial ownership Rights), antichresis, or any other means involving a guarantee or a restriction of rights, unless the Pledge Creditor has provided it with its express authorization.

(c) To refrain from giving any other writer or guarantee or to impose any other lien upon the Rights.

(d) To maintain current and updated all of the registrations, authorizations or permits that are necessary or that relate to the Rights or to the contracts from which they derive.

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(e) To notify the Pledge Creditor, the attachment or seizure of any of the Rights, immediately upon receiving notice from any judge or competent authority of said attachment or seizure, to notify the judge or authority that ordered the attachment or seizure about the existence of this Pledge.

(f) To notify the Pledge Creditor, immediately upon receiving any notification of any administrative act or any notice from the ANH and any other competent governmental authority, by which the unilateral termination or early termination of the Exploration and Exploitation Contract is declared.

ARTICLE IX PLEDGE IMPAIRED

In the event that for any cause (including the attachment or seizure of any of the Rights pledged hereunder) the Pledge is impaired or lost, the Pledge Debtor agrees to replace or improve the guarantee with other which is equivalent or better in point of quality and quantity.

ARTICLE X TRANSFERS AND LIENS

(a) Pledge Debtor may not transfer, assign, subject to lien, or in any other manner restrict, affect or transfer the ownership rights, the possession, or any other rights that they may have in the Rights, as well as in the Exploration and Exploitation Contract, without the prior authorization of the Pledge Creditor, except for the operations that are permitted under the Note Indenture.

(b) Accordingly, the transfer of the Rights shall only take place in favor of the buyer by the written authorization given by the Pledge Creditor, all of which shall be set down in the document by which the transfer is agreed upon, by means of an annotation subscribed by the Pledge Creditor, as well as by registration of the fact by entry on the record that corresponds to the Pledge Agreement in the mercantile register. In any case, if any total or partial transfer of the Rights that is not authorized in the Note Indenture is made, the buyer shall be obligated to respect the lien established in the present document.

ARTICLE XI NONCOMPLIANCE

There shall be acceleration of the Secured Obligations and performance under this Pledge Agreement where:

(a) The Pledge Debtor carries out any actions that jeopardize the exercise of the Rights and the possibility of making the same effective, or fails to preserve the same duly and in accordance with the stipulations of this Pledge Agreement and/or the Note Indenture and/or the promissory notes in which the credits are set down, if necessary.

(b) In case the value of the rights or Rights is reduced, or the same are lost or impaired, to the extent that they cease to be sufficient as security for the debt. In such case,

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Pledge Creditor shall be entitled to have the Pledge improved unless they agree to receive another equivalent security.

(c) If the Rights, contract for which they derive are assigned, sold, subject to lien or transferred in violation of the stipulations of the Note Indenture.

(d) In any other cases established by law or in the Note Indenture or in the or in any other debt instruments were any other agreements or arrangements entered into between the Pledge Creditor and the Pledge Debtor and which are guaranteed by this Pledge Agreement.

ARTICLE XII ADDITIONAL PROMISES

The Pledge Debtor agrees that at anytime, and at his own expense, it shall subscribe and deliver any documents and additional instruments, and that it shall take or execute any additional measures or actions that are reasonably required by the Pledge Creditor as Trustee according to the Note Indenture, and which may be complied with under the Exploration and Exploitation Contract in accordance with the law or under contract, in order to bring to perfection or protect the liens that are granted by this Pledge Agreement or to facilitate for the Pledge Creditor the exercise or the execution of their rights and remedies in regard to the assets that are pledged under this Pledge Agreement.

ARTICLE XIII EXECUTORY PROCEEDINGS

Section 13.01 Agreements in regard to executory proceeding.

In case that the Pledge Creditor initiates one or more executory proceedings against the Pledge Debtor for failure by it to comply with the Secured Obligations, from this point the parties agree that in the course of the executory proceedings:

(a) They shall appoint as court receiver and within the proceeding the person that is fit as indicated in good faith by the Pledge Creditor, who shall continue to manage the Rights with the help of any dependent or subordinated persons as determined by the Pledge Creditor.

(b) They shall appoint as expert witness or expert witnesses for the appraisal of the Rights the person that is or the persons that are fit as indicated in good faith by the Pledge Creditor.

Section 13.02 Accepting the appointment of expert witnesses, and waiver.

The Pledge Debtor makes the express statement that it accepts the appointment of the court receiver and of the expert witness or witnesses as made by the Pledge Creditor, in accordance with the stipulation set out under letters (a) and (b) of section 13.01 in conformity with numeral 4 of Article 9 of the Colombian Code of Civil Procedure, and it waives his right to request that the Rights be divided into lots for purposes of public auction.

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ARTICLE XIV DECLARATION BY THE PLEDGE CREDITOR

By the simple fact of granting this Pledge Agreement and establishing the open commercial Pledge without possession by the creditors, and in favor of the Pledge Creditor, it does not assume any obligation, either legal or of any other type, to grant to the Pledge Debtor any loans, or to grant extensions, of the novation of any overdue obligations or that are about to become payable and due and which have been acquired before the granting of this Pledge Agreement, or which are acquired hereafter, with the exception of any obligations contained in the Note Indenture.

ARTICLE XV TERM OF VALIDITY

This Pledge Agreement shall continue to be valid: (a) through the expiry of the term of ten (10) years counted from the date on which this Pledge Agreement is subscribed; or (b) through the date on which the Secured Obligations are paid in full whichever occurs first.

ARTICLE XVI ASSIGNMENT

Section 16.01 Assignment on the part of the Pledge Creditor.

The Pledge Debtor accepts from the date of subscription of this Pledge Agreement, any total or partial assignment or transfer that the Pledge Creditor makes of this Pledge Agreement as a consequence of the assignment of the obligations secured by this Pledge Agreement. Pledge Debtor agrees, in case there is a partial assignment of this Pledge Agreement as a consequence of the assignment of the obligations secured by this Pledge Agreement, to issue a new original counterpart of the same, with the corresponding replication of the registrations stamps of the Chamber of Commerce of Bogotá and to deliver the same to the assignee of the corresponding Pledge Creditor, and if this were not possible, to grant a document amending this Pledge Agreement, where the referred to assignment is set down and the acceptance by the assignee of each and every one of the terms of this Pledge Agreement.

Section 16.02 Cesión por parte del Deudor Prendario.

The Pledge Debtor may not assign this Pledge Agreement or the obligations and rights that derive from the same, either in whole or in part, without the prior written authorization from the Pledge Creditor.

ARTICLE XVII CANCELLATION OF THE PLEDGE

The Pledge Debtor may claim that this Pledge Agreement be canceled in its entirety when any of the conditions listed in the above Article XVI occurs. The Credit Debtor shall have a term of forty five (45) working days, counted from the date of the request for cancellation to proceed

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to cancel this Pledge and to subscribe the entire public or private documents that are required for the purpose.

ARTICLE XVIII NON-SEVERABILITY

The entirety of the Rights and of the assets and rights that make up the same, which are pledged under this document, are affected as a guarantee to the payment of the entirety of the Secured Obligations and any obligations accessory thereto. Therefore, at the time the Pledge Creditor comes forward to enforce the payment of the Secured Obligations, the entirety of the Rights and of the assets and rights that make up the same shall be applied in an exclusive and privileged manner to the payment of the entirety of the credits that are established in favor of the Pledge Creditor as payable by the Pledge Debtor.

ARTICLE XIX MISCELLANEOUS STIPULATIONS

Section 19.01 Expenses.

The expenses for the registration of this Pledge Agreement with the Chamber of Commerce of Bogotá D.C., and of the amendments, additions to, clarifications, releases and cancellations with the competent chambers of commerce, and of the certificates attesting to the registration, and of the certificates that originate in the acknowledgment of the documents by the parties before a notary public, and of any of the tax obligations of any type that relate to this agreement and that may accrue, shall be for the account of the Pledge Debtor.

Section 19.02 Governing Law.

This Pledge Agreement is subject to Colombian law. Besides its stipulations, this Pledge Agreement shall be subject to Colombian private law, and to the pertinent provisions of the Colombian civil code and the Colombian Code of Commerce.

Section 19.03 Headings.

The titles of the Articles and of the sections contained in this Pledge Agreement have been inserted for convenience of the parties, and so may not affect in any manner the interpretation and the meaning of any stipulation of this Pledge Agreement.

Section 19.04 Amendments.

As the case may be, this Pledge Agreement, and its attachments, may only be amended by the Pledge Creditor, in accordance with the terms stipulated in the Note Indenture and by the Pledge Debtor, by mutual written agreement and after having proven in due manner that the representatives of the parties have been duly empowered for the purpose. In any case, with regard to the Pledge Debtor or any third parties, the mere assertion by the Trustee as Credit Debtor shall be sufficient.

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Section 19.05 Notifications.

Any communication by the parties in regard to this Pledge Agreement shall be made in writing by any means that evidences the exact date on which the communication was sent and received by the other party, such as fax, certified airmail, courier with personal receipt certification, or personal delivery, at the addresses shown below, which correspond to their principal domiciles.

To the Pledge Debtor:

Address: Carrera 11A No. 94-45 Piso 9, Ala Norte, Bogotá, Colombia
Telephone: (57) 1 743-2140
Fax: (57) 1 743-2144

To the Pledge Creditor:

Address: 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1, Canada
Fax: (+1) 416-361-0470
Attention: Corporate Trust Department

Any changes of address, telephone or fax shall be communicated in writing to the other party, at least ten (10) calendar days in advance.

Section 19.06 Waiver of rights.

No omission, delay or action by any of the parties in the exercise of any of the rights, powers or remedies under this Pledge Agreement shall be considered a waiver of the same.

Section 19.07 Entire agreement and contradictions.

This Pledge Agreement, including its attachments, constitutes the entire agreement between the parties, and replaces any other prior agreement between the parties in regard to the subject matter of the same. Notwithstanding, in case there is any contradiction or inconsistency between this document and/or of the Note Indenture (including any promissory notes that are issued in furtherance of the same) and/or any other document in which the Secured Obligations have been set down, the terms of the promissory notes, of the Note Indenture and/or of any other document in which the Secured Obligations have been set down, in the aforementioned order, shall prevail over the terms of this Pledge Agreement.

Section 19.08 Stipulations that are null and void or illegal.

In the event that any or several of the stipulations of this Pledge Agreement are declared null and void or contrary to Colombian Law, this shall not imply that the remaining stipulations are null and void or illegal, and the same shall continue to be binding and obligatory for the parties, except where there is any contrary imperative rule of law. Additionally, the parties agree

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to help each other to replace the stipulation that has been declared null and void or illegal by a legal stipulation that achieves the same results that derive from the stipulation that was declared null and void, illegal or prohibited.

Section 19.09 Terms defined.

Those terms which have not been expressly defined under this Pledge Agreement, and which initial letter is a capital letter, shall have the same meaning as the meaning defined for them under the Note Indenture, unless the same have been expressly defined in this Pledge Agreement, in which case the definition given in this Pledge Agreement shall prevail. Any words which have defined in the singular and which are used in plural shall have the same meaning and vice versa.

Section 19.10 No disbursements.

No disbursement has been made under the Note Indenture at the date of subscription of this Pledge Agreement.

Section 19.11 Attachments.

The following attachments are made a part of this Pledge Agreement:

Attachment No. 1 - Limitation of Block C

Attachment No. 2 - Participating interests of the Pledge Debtor in Block C

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**OPEN COMMERCIAL PLEDGE AGREEMENT WITHOUT POSSESSION BY THE
CREDITOR UPON THE ECONOMIC RIGHTS DERIVED FROM THE
EXPLORATION AND EXPLOITATION CONTRACT**

In a witness of the foregoing, this document is signed on May 5, 2011.

BY THE PLEDGE DEBTOR,

ALANGE ENERGY CORP.

Name

ID:

Position:

BY THE PLEDGE CREDITOR,

EQUITY FINANCIAL TRUST COMPANY

Name

ID:

Position:

Name

ID:

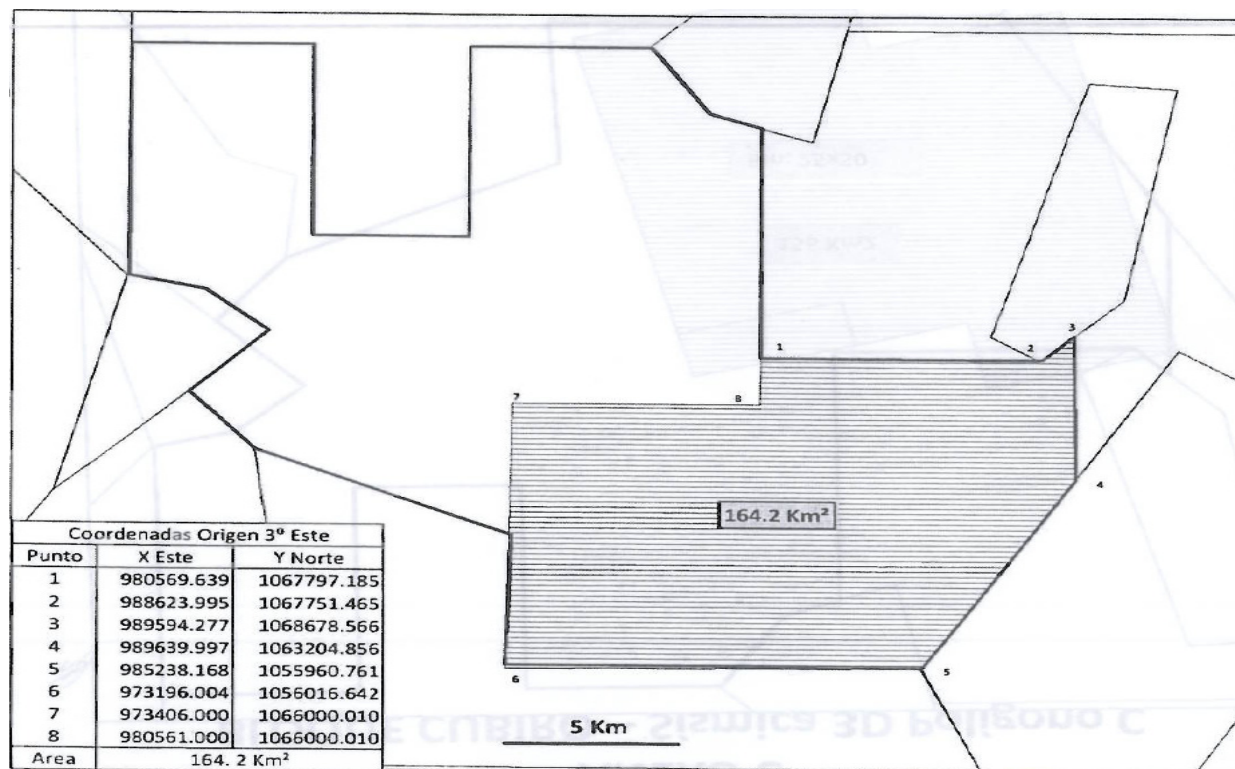
Position:

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**OPEN COMMERCIAL PLEDGE AGREEMENT WITHOUT POSSESSION BY THE
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Attachment No. 1

Limitation of Block C



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Attachment No. 2

Participating interests of the Pledge Debtor in Block C

Block	Type of Contract	Party	Operator	Working Interest	Agreements or Contracts which modify the initial working Rights
Cubiro – Block C	E&P	Alange – 25%	Alange	25%	Alange acquired 100% of the working Rights of Montecz, who initially entered into the E&P Contract with the ANH. The assignment was approved by Resolution 116 of March 23, 2010.