UNDERWRITING AGREEMENT

Dated effective as of June 1, 2007

SEAIR Inc.
9554 Yellowhead Trail
Edmonton, Alberta
T5G 0W4

Attention: Harold Kinasewich
President and Chief Executive Officer

Dear Sir:

RE: Issue of Debentures

Acumen Capital Finance Partners Limited (the "**Lead Underwriter**") and Paradigm Capital Inc. (collectively, the "**Underwriters**") understand that SEAIR Inc. (the "**Corporation**") proposes to issue and sell up to 5,000 convertible, redeemable, secured, subordinated debentures of the Corporation (the "**Debentures**").

Subject to the terms and conditions hereof, the Underwriters agree to act as, and the Corporation appoints the Underwriters as, the sole and exclusive agents of the Corporation to offer for sale, on a private placement basis in the Selling Jurisdictions, the Debentures at a price of $1,000 per Debenture and to use their reasonable best efforts to secure subscriptions therefor; provided that, if less than 5,000 Debentures are sold by the Underwriters as agents, the Underwriters hereby agree to purchase that number of Debentures that, together with the Debentures sold by the Underwriters as agents, aggregates 5,000 Debentures, in each case at $1,000 per Debenture.

In addition, subject to the terms and conditions hereof, the Corporation hereby grants to the Underwriters an option (the "**Underwriters' Option**"), exercisable in full or in part by the Lead Underwriter, for and on behalf of the Underwriters, at or prior to the Closing Time (as defined herein), to purchase up to an additional 5,000 Debentures at a price of $1,000 per Debenture (the "**Option Debentures**") for additional gross proceeds of up to $5,000,000 and, if such option is exercised, the Underwriters agree to purchase that number of Debentures set out in the notice of exercise of the Underwriters' Option on the basis provided herein and may arrange substitute purchasers for such shares as contemplated herein. The Debentures and the Option Debentures are hereinafter collectively referred to as the "**Offered Debentures**".

The Underwriters shall be entitled, in connection with the offering and sale of the Offered Debentures, to retain as sub agents other registered securities dealers and may receive (for delivery to the Corporation at the Closing Time) subscriptions for the Offered Debentures from Subscribers from other registered dealers. The fee payable to such sub agents shall be for the account of the Underwriters.

The Offered Debentures will contain the terms outlined in section 2(a) hereof.

In consideration for their services hereunder, including the ancillary service of acting as financial advisors to the Corporation in respect of the issue of the Offered Debentures and advising on the terms and conditions of the subject private placement, the Underwriters shall be entitled to the fee provided for in paragraph 9, which fee shall be payable from the gross proceeds of the Corporation at the time and in the manner specified in paragraph 9. For greater certainty, the services provided by the Underwriters in connection herewith will not be subject to Goods and Services Tax provided for in the *Excise Tax Act* (Canada) and taxable supplies will be incidental to the exempt financial services provided. As additional compensation for the services provided, at the Closing Time, the Corporation shall grant to the Underwriters the Compensation Options (as defined herein), upon and subject to the provisions of paragraph 9 hereof.

The following are the terms and conditions of this agreement:

1. Definitions:

In this agreement:

(a) "**Applicable Securities Laws**" means, collectively, all applicable securities laws, rules, regulations, notices, policies and similar instruments of the Selling Jurisdictions;

(b) "**Business Day**" means a day which is not Saturday, Sunday or a legal holiday in the City of Calgary, Alberta;

(c) "**Closing Date**" means June 21, 2007 or such other date or dates as the Underwriters and the Corporation may agree;

(d) "**Closing Time**" means 10:00 a.m. (Calgary time), or such other time, on the Closing Date, as the Underwriters and the Corporation may agree;

(e) "**common shares**" means common shares in the capital of the Corporation;

(f) "**Compensation Options**" means the non-transferable common share purchase options to be granted to the Underwriters or their nominee(s) pursuant to paragraph 9 hereof and pursuant to the Compensation Option Certificate attached hereto as Schedule "C";

(g) "**Compensation Option Shares**" means the common shares issuable upon exercise of the Compensation Options;

(h) "**Corporation's counsel**" means Heenan Blaikie LLP;

(i) "**Documents**" means, collectively:

(i) the Management Proxy Circular of the Corporation dated December 29, 2006 in respect of the annual and special meeting of shareholders held on January 27, 2007;

(ii) the Financial Statements; and

(iii) all material change reports and all press releases of the Corporation filed since August 31, 2006;

(j) "**Due Diligence Session**" has the meaning ascribed thereto in subparagraph 7(a);

(k) "**Exchange**" means the TSX Venture Exchange;

(l) "**Financial Statements**" means, collectively, the consolidated audited financial statements of the Corporation as at and for the year ended August 31, 2006, the unaudited interim consolidated financial statements of the Corporation as at and for the three month period ended November 30, 2006, the unaudited interim consolidated financial statements of the Corporation as at and for the six month period ended February 28, 2007, and the respective management discussion and analysis related thereto;

(m) "**material adverse change**" or "**material adverse effect**" means, when used in connection with the Corporation, any change or effect (or any condition, event or development involving a prospective change or effect) in or on the business, operations, results of operations, affairs, assets, capitalization, financial condition, rights or liabilities, whether contractual or otherwise, of the Corporation which is materially adverse to the business, operations or financial condition of the Corporation other than a change or effect (i) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States and elsewhere; or (ii) resulting from a change in commodity prices;

(n) "**Material Subsidiaries**" means SEAIR Septic Inc. and SEAIR Diffusion Systems Inc.;

(o) "**NI 45-102**" means National Instrument 45-102 (Resale of Securities);

(p) "**Offered Shares**" means the common shares underlying the Offered Debentures;

(q) "**Offering**" means the offering of up to 10,000 Offered Debentures pursuant to the terms hereof (inclusive of the Underwriters' Option);

(r) "**Public Record**" means all information filed by or on the instruction of the Corporation with the Securities Commissions including, without limitation, the Documents and any other information filed with any Securities Commissions in compliance, or intended compliance, with any Applicable Securities Laws of the Selling Jurisdictions, provided such information is available for public review at www.sedar.com;

(s) "**Securities**" means, collectively, the Offered Debentures, the Offered Shares, the Compensation Options and the Compensation Option Shares;

(t) "**Securities Commissions**" means the securities commissions or similar regulatory authorities in the Selling Jurisdictions;

(u) "**Selling Dealer Group**" means the dealers and brokers other than the Underwriters who participate in the Offering pursuant to this agreement;

(v) "**Selling Jurisdictions**" means the provinces of Alberta, British Columbia, Ontario and Saskatchewan and such other jurisdictions as the Underwriters, with the consent of the Corporation, may designate prior to the Closing Date;

(w) "**Subscriber**" means any person who executes a Subscription Agreement which is accepted by the Corporation;

(x) "**Subscription Agreements**" means the agreements to be entered into between the Subscribers and the Corporation providing for the purchase by Subscribers of Offered Debentures;

(y) "**subsidiary**" has the meaning ascribed thereto in the *Business Corporations Act* (Alberta);

(z) "**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

(aa) "**Trustee**" means CIBC Mellon Trust Company;

(bb) "**Trust Indenture**" has the meaning ascribed thereto in paragraph 2 hereof;

(cc) "**Underwriters' counsel**" means Burstall Winger LLP;

(dd) "**Units**" and has the meaning ascribed thereto in subparagraph 6(k); and

"**misrepresentation**", "**material change**" and "**material fact**" shall have the meanings ascribed thereto under the Applicable Securities Laws of the Selling Jurisdictions; "**distribution**" means "**distribution**" or "**distribution to the public**", as the case may be, as defined under the Applicable Securities Laws of the Selling Jurisdictions; and "**distribute**" has a corresponding meaning.

2. The Corporation agrees that the Offered Debentures shall be duly and validly created and issued pursuant to the terms of a trust indenture (the "**Trust Indenture**") to be entered into between the Corporation and the Trustee.

The Trust Indenture shall provide, among other things, that:

(a) the Debentures will:

(i) bear an interest rate of 8.0% per annum, calculated and payable quarterly in arrears, in cash, on September 30, December 31, March 31 and June 30 (the first such payment to be made on September 30, 2007);

(ii) mature on the date that is five years from the Closing Date (the "**Maturity Date**"); and

(iii) be convertible, at the option of the holder (the "**Conversion Option**"), into 364 common shares at a price of $2.75 per common share at any time up to 5:00 p.m. (Calgary time) on the Maturity Date. The Corporation will have the option (the "**Redemption Option**"), exercisable during the period commencing on the date that is two years from the Closing Date and ending at 5:00 p.m. (Calgary time) on the Maturity Date, to redeem the Debentures in whole or in part, at par plus any accrued or unpaid interest to and including the date of redemption (the "**Redemption Date**"). The Redemption Option may be exercised by the Corporation on not more than 60 days' and not less than 30 days' written notice to the Debenture holders (the "**Redemption Notice**") of the proposed Redemption Date, provided that the weighted average trading price of the common shares on the Exchange during the 20 consecutive trading days prior to the date on which the Corporation provided the Redemption Notice is not less than $3.25. Notwithstanding prior delivery of a Redemption Notice, a Debenture holder may exercise its Conversion Option in respect of any Debentures it holds at any time prior to the earlier of (i) the Redemption Date on which such Debentures are redeemed; and (ii) 5:00 p.m. (Calgary time) on the Maturity Date;

(b) on the first business day following the Maturity Date, the Corporation will pay to the holders of all Debentures which have not previously been converted into common shares by holders or redeemed by the Corporation pursuant to the Redemption Option, the full principal amount owing in respect of such Debentures, together with any accrued and unpaid interest thereon;

(c) the Debentures will be secured against all present and after acquired property of the Corporation not secured by the Corporation's senior lenders; and

(d) the Debentures will be subordinated to senior bank debt.

The Trust Indenture shall otherwise be in such form and contain such terms as shall be approved by the Underwriters and their counsel, and by the Corporation and its counsel.

3. The Underwriters covenant and agree with the Corporation that:

(a) they will conduct activities in connection with the proposed offer and sale of the Offered Debentures in compliance with all the Applicable Securities Laws and this agreement and cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Offered Debentures;

(b) they will not advertise the proposed offering or sale of the Offered Debentures in the printed media of general and regular paid circulation, radio, television or telecommunications (including electronic display);

(c) they will not solicit subscriptions for the Offered Debentures, trade in Offered Debentures or otherwise do any act in furtherance of a trade of Offered Debentures outside of the Selling Jurisdictions;

(d) they will not take any actions or make available to prospective subscribers any documents or materials which would constitute or require the Corporation to prepare an offering memorandum as defined under Applicable Securities Laws of the Selling Jurisdictions;

(e) they will provide to the Corporation all necessary information in respect of the Underwriters and the Subscribers to allow the Corporation to file, with the Securities Commissions, if required, reports of the trades of the Offered Debentures in accordance with Applicable Securities Laws within ten days of the Closing Date;

(f) neither the Underwriters, their affiliates, any selling group member or any person acting on behalf of the foregoing, will offer or sell any of the Offered Debentures to U.S. Persons or in the United States, make any 'directed selling efforts" in the United States, or undertake any activity for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market for the Securities in the United States;

(g) they will not solicit subscriptions for Offered Debentures except in accordance with the terms and conditions of this Agreement and the Subscription Agreements; and

(h) they will not make any representations or warranties with respect to or on behalf of the Corporation, other than as set forth in this Agreement or the Subscription Agreements.

4. The Underwriters agree to obtain from each Subscriber an executed Subscription Agreement and all applicable exhibits, questionnaires and other forms required under Applicable Securities Laws of the Selling Jurisdictions or requirements of stock exchanges, including the Exchange, and supplied to the Underwriters by the Corporation for completion in connection with the distribution of the Offered Debentures.

5. The Corporation represents and warrants (and, where applicable, covenants) to the Underwriters, and acknowledges that the Underwriters are relying upon such representations and warranties (and, where applicable, covenants), that:

(a) each of the Corporation and its subsidiaries has been duly amalgamated or incorporated, as applicable, and organized and is validly subsisting under the laws of the jurisdiction of its incorporation and has all requisite corporate authority and power to carry on its business, as now conducted and as presently proposed to be conducted by it, and to own, lease and operate its properties and assets;

(b) each of the Corporation and its subsidiaries is qualified to carry on business and is validly existing under the laws of each jurisdiction in which it carries on a material portion of its business unless failure to be so qualified would not result in a material adverse change and furthermore hereby covenants to obtain any additional required qualifications to carry on business in the Provinces of British Columbia and Saskatchewan in a timely manner;

(c) the Corporation has no subsidiaries other than the Material Subsidiaries and has no material joint venture partners;

(d) to the best of the Corporation's knowledge and except as provided for in section 5(b), the Corporation and each of the Material Subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable laws, rules, regulations, orders and directions and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirement of any governmental or regulatory bodies applicable to the Corporation and each of its subsidiaries of each jurisdiction in which it carries on business and holds all material licences, registrations and qualifications in all jurisdictions in which it carries on business which are necessary or desirable to carry on the business of the Corporation and each of its subsidiaries, as now conducted and as presently proposed to be conducted except where the failure to so conduct its business or to hold such licences, registrations or qualification would not have a material adverse effect on the Corporation and its subsidiaries, taken as a whole, and all such licenses, registrations and qualifications are valid and existing and in good standing;

(e) the Corporation has full corporate power and authority to issue the Securities; and at the Closing Date, the Offered Debentures and the Compensation Options will be duly and validly authorized and the Offered Shares and the Compensation Option Shares will be duly and validly authorized, allotted and reserved for issuance and will, on the Effective Date and upon receipt by the Corporation of full payment therefore and, in the case of the

Compensation Option Shares, upon due exercise of the Compensation Options in accordance with their terms, be validly issued as fully paid and non assessable common shares;

(f) the Corporation is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of, this agreement, the Subscription Agreements, the Trust Indenture or the Compensation Options, the performance of any of the transactions contemplated hereby and thereby by the Corporation do not and will not result in any breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under any applicable laws or any term or provision of the articles, bylaws or resolutions of the directors or shareholders of the Corporation, or any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound on the Closing Date, or any judgment, decree, order, statute, rule or regulation applicable to the Corporation, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation and its subsidiaries (taken as a whole) or their respective properties or assets (taken as a whole);

(g) the Corporation has full corporate power and authority to enter into this agreement, the Subscription Agreements, the Trust Indenture and the Compensation Options and to perform its obligations set out herein and therein, and this agreement has been, and each of the Subscription Agreements, the Trust Indenture and the Compensation Options will, on the Closing Date, be duly authorized, executed and delivered by the Corporation, and this agreement is, and the Subscription Agreements, the Trust Indenture and Compensation Options will, on the Closing Date, be legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, subject to:

(i) the enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting creditors' rights;

(ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;

(iii) the enforceability of any provision exculpating a party from liability or duty otherwise owed by it may be limited under applicable law;

(iv) the enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of such document would be determined only in the discretion of the court;

(v) the equitable or statutory powers of the courts in Canada have jurisdiction to stay proceedings before them and the execution of judgments;

(vi) rights to indemnity and contribution hereunder may be limited under applicable law; and

(vii) the enforceability may be limited by applicable laws regarding limitation of actions;

(h) there has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Corporation and its subsidiaries from the position set forth in the Financial Statements other than as disclosed in the Public Record and there has not been any adverse material change in the business, operations, capital or condition (financial or otherwise) or results of the operations of the Corporation and its subsidiaries since August 31, 2006; and since that date there have been no material facts, transactions, events or occurrences which could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations or condition (financial or otherwise) or results of the operations of the Corporation and its subsidiaries (taken as a whole) which have not been disclosed in the Public Record;

(i) the Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of the Corporation and its subsidiaries on a consolidated basis at the dates thereof and the results of the operations of the Corporation and its subsidiaries on a consolidated basis for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation and its subsidiaries on a consolidated basis as at the dates thereof which are required to be disclosed in accordance with generally accepted accounting principles;

(j) there are no actions, suits, proceedings or inquiries, including, to the best of the Corporation's knowledge, information and belief, after due inquiry, pending or (other than as disclosed to the Underwriters in writing at the Due Diligence Session) threatened against or affecting the Corporation or a subsidiary at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affects, or may in any way materially adversely affect, the assets, business, operations or condition (financial or otherwise) of the Corporation and its subsidiaries (taken as a whole) or which affects or may affect the distribution of the Securities;

(k) except (i) as between the Corporation and its subsidiaries and the indemnity of the directors thereof in accordance with the by-laws of each; and (ii) in accordance with the provisions of *Business Corporations Act* (Alberta), neither the Corporation nor any of its subsidiaries is a party to or bound by any agreement of guarantee, indemnification or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;

(l) neither the Corporation nor any of its subsidiaries has any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm’s length with the Corporation or its subsidiaries that are currently outstanding;

(m) no officer, director, employee or any other person not dealing with arm's length with the Corporation or any of its subsidiaries or, to the knowledge of the Corporation, any associate or affiliate of any such person, owns, has or is entitled to any royalty, net profits interest, carried interest, licensing fee or any other encumbrances or claims of any nature whatsoever which are based on the Corporation's or any of its subsidiaries' revenues;

(n) except as disclosed in the Public Record, since August 31, 2006 neither the Corporation nor any of its subsidiaries has incurred, assumed or suffered any liability (absolute, accrued, contingent or otherwise) or entered into any transaction which is or may be material to the Corporation and its subsidiaries (taken as a whole) and which is not in the ordinary course of business;

(o) the information and statements set forth in the Public Record, as such relate to the Corporation and its subsidiaries, are true, correct and complete in all material respects and do not contain any misrepresentation, as of the respective dates of such information or statements, and the Corporation has not filed any confidential material change reports which continue to be confidential;

(p) the authorized capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series, of which, as at the date hereof, 27,719,282 common shares are outstanding as validly issued and fully paid and non-assessable shares and nil preferred shares;

(q) other than pursuant to the provisions of this agreement and common shares issuable upon exercise of options to purchase an aggregate of 2,147,000 common shares held by directors, officers, employees and consultants of the Corporation and its affiliates, no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Corporation or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of the Corporation;

(r) the Corporation is the registered and beneficial owner of 100% of the outstanding shares of the subsidiaries of the Corporation referenced in subparagraph 5(c), and no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of any subsidiaries of the Corporation or now has any agreement, warrant, option, right or privilege, (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of any of the subsidiaries of the Corporation;

(s) each of the Corporation and its subsidiaries has duly and on a timely basis filed all tax returns required to be filed by it and has paid all taxes due and payable by it and has paid all assessments and re-assessments and all other taxes, governmental charges, penalties, interest and other fines due and payable by it and which are claimed by any governmental authority to be due and owing and adequate provision has been made for taxes payable for any completed fiscal period for which tax returns are not yet required and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any tax, governmental charge or deficiency by the Corporation or any of its subsidiaries and, to the best knowledge of the Corporation there are no actions, suits, proceedings, investigations or claims threatened or pending against the Corporation or any of its subsidiaries in respect of taxes, governmental charges or assessments or any matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority;

(t) each of the Corporation and its Material Subsidiaries have all proprietary rights provided in law to all patents, trademarks, copyrights industrial designs, software, firmware, trade secrets, know-how, concepts, information and other intellectual and industrial property (collectively "**Intellectual Property**") necessary to permit it to conduct its business;

(u) to the best of the Corporation’s knowledge, the Corporation is the exclusive owner of or possesses enforceable rights to use the Intellectual Property free and clear of any material encumbrances, and has no knowledge of any claim of adverse ownership in respect thereof;

(v) other than disclosed to the Underwriters in writing at the Due Diligence Session, the Corporation is not aware of a claim of infringement or breach by the Corporation of any Intellectual Property rights of any other person, nor has the Corporation received any notice, nor is the Corporation otherwise aware, that the use of the patents, business names, trademarks, servicemarks, copyrights and other Intellectual Property rights of the Corporation infringes upon or breaches any Intellectual Property rights of any other person and the Corporation has no knowledge of any infringement or violation of any of the rights of the corporation in such Intellectual Property and is not aware of any state of facts that casts doubt on the validity or enforceability of any such Intellectual Property rights;

(w) the issued and outstanding common shares are listed and posted for trading on the Exchange, the Corporation is in compliance with the by-laws, rules and regulations of the Exchange in all material respects and all necessary action shall have been taken, by the Closing Date, by the Corporation for the approval of issue of the Securities and the listing of the Offered Shares and the Compensation Option Shares on the Exchange, subject to usual post closing filings in accordance with the requirements of the Exchange;

(x) the minute books of the Corporation and its subsidiaries are true and correct and are complete in all material respects except where such incompleteness would not materially adversely affect the assets, business operations or condition (financial or otherwise) of the Corporation and its subsidiaries as at the date hereof;

(y) the Corporation is a "reporting issuer" or has equivalent status in each of the provinces of Alberta and British Columbia within the meaning of the Applicable Securities Laws in such provinces and is not in material default of any requirement in relation thereto;

(z) the Trustee, at its principal office in the City of Calgary, Alberta is the duly appointed registrar and transfer agent of the Corporation with respect to its common shares;

(aa) any and all operations of the Corporation and its subsidiaries, and to the best of the Corporation's knowledge, and any and all operations by third parties on or in respect of the assets and properties of the Corporation and its subsidiaries, have been conducted in accordance with good industry standards and practices;

(bb) except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on the Corporation and its subsidiaries (taken as a whole):

(i) to the best of the Corporation's knowledge, neither the Corporation nor any of its subsidiaries is in violation of any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");

(ii) the Corporation and each of its subsidiaries has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

(iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation or any of its subsidiaries that have not been remedied;

(iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Corporation or any of its subsidiaries;

(v) neither the Corporation nor any of its subsidiaries has failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign the occurrence of any event of which it is aware which is required to be so reported by any Environmental Law; and

(vi) to the best of the Corporation's knowledge, the Corporation and each of its subsidiaries holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and neither the Corporation nor any of its subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

(cc) other than as provided for in this agreement, the Corporation has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the transactions contemplated herein;

(dd) to the Corporation's knowledge, no insider of the Corporation has a present intention to sell any securities of the Corporation held by it;

(ee) to the best of the Corporation's knowledge, information and belief, none of the directors, officers or principal shareholders of the Corporation (or such shareholders' respective principals) is or has been subject to prior regulatory criminal or bankruptcy proceedings in Canada or elsewhere;

(ff) each of the leases pursuant to which the Corporation or its subsidiaries occupy any premises are in good standing and in full force and effect, and neither the Corporation nor its subsidiaries are in breach of any material covenants, conditions or obligations contained therein;

(gg) there has not been and there is not currently any material disagreement or other dispute with any of the employees of the Corporation which is adversely affecting or could reasonably adversely affect, in a material matter, the business of the Corporation;

(hh) to its knowledge, the Corporation is in compliance with the provisions of applicable worker's compensation, applicable employee health and safety, training or similar legislation in each jurisdiction where it carries on business;

(ii) other than as set forth in **Schedule "A"** hereto, there are currently no material contracts or agreements which contain, create or may create any material obligation to the Corporation or from which they derive or could derive any material benefit or which are required by the Corporation to carry on its business as now conducted by it or as is now proposed to be carried on by it. For the purposes of this representation and warranty, contracts shall be deemed to give rise to a material obligation;

(jj) except as set forth in **Schedule "B"** hereto, the Corporation is not a party to any contracts of employment which may not be terminated on one month's notice or less or which provide for payments occurring on a change of control of the Corporation;

(kk) the Corporation currently has no Swaps outstanding;

(ll) the Corporation does not have in place a shareholder rights protection plan;

(mm) to its knowledge, neither the Corporation nor any of its shareholders is a party to any unanimous shareholder agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Corporation;

(nn) none of the Securities Commissions, the Exchange nor any other securities commission, stock exchange, or similar regulatory authority has issued any order preventing or suspending trading of any securities of the Corporation; and, assuming the truth of the representations and warranties of the Subscribers in the Subscription Agreements, the Corporation is entitled to avail itself of the applicable prospectus exemptions available under the Applicable Securities Laws of the Selling Jurisdictions in respect of the trades in the Offered Debentures to Subscribers as contemplated by this agreement;

(oo) the responses prepared and delivered by the Corporation and its directors and officers to the Underwriters at the Due Diligence Session held or to be held on or about June 20, 2007 are or will be true and correct where they relate to matters of fact and the Corporation and its directors and officers have responded or will respond in as thorough and complete fashion as is practical. Where the responses reflect the opinion or view of the Corporation and its directors or officers, such opinions or views are honestly held at the time they are given. Where any responses incorporate estimates, projections or forward looking information, such information is inherently subject to risk and inconsistencies which cannot be warranted;

(pp) the Corporation is eligible to issue securities that will be subject to a four month hold period pursuant to Section 2.5 of NI 45-102;

(qq) other than as disclosed to the Underwriters in writing at the Due Diligence Session, the Corporation is in compliance with the filing and certification requirements of each of National Instrument 51-102 (Continuous Disclosure Obligations) and Multilateral

Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings); and

(rr) the representations and warranties of the Corporation in the Subscription Agreements are true and correct and the Corporation shall comply with all of the covenants and agreements made by it in the Subscription Agreements.

It is further agreed by the Corporation that all representations and warranties contained in this section 5 made by the Corporation to the Underwriters shall also be deemed to be made for the benefit of the Subscribers as if the Subscribers were also parties hereto for such purpose.

6. The Corporation further covenants and agrees as follows:

(a) prior to the Closing Time and during the period from the effective date hereof until the Closing Date, the Corporation shall allow the Underwriters the opportunity to conduct required due diligence and to obtain, acting reasonably, satisfactory results therefrom and in particular, the Corporation shall allow the Underwriters and Underwriters' counsel to conduct all due diligence which the Underwriters may reasonably require in order to confirm the Public Record is accurate, complete and current in all material respects and to fulfill the Underwriters' obligations as a registrant and, in this regard, without limiting the scope of the due diligence inquiries the Underwriters may conduct, the Corporation shall make available its senior management and shall use its reasonable best efforts to make available its auditors and legal counsel to answer any questions which the Underwriters may have and to participate in one or more due diligence sessions to be held prior to the Closing Date (all of such sessions referred to as the "**Due Diligence Session**"). The Underwriters shall distribute a list of written questions to be answered in advance of such Due Diligence Session and the Corporation shall provide written responses to such questions and shall use its reasonable best efforts to have its auditors and legal counsel provide written responses to such questions in advance of the Due Diligence Session;

(b) it will use its reasonable best efforts to obtain, prior to the Closing Time, all necessary approvals of the Exchange for the issuance of the Securities and shall comply with all requirements of the Exchange in connection with the issuance of the Securities and listing of the Offered Shares and the Compensation Option Shares on the Exchange including the filing of all necessary documentation in accordance with the requirements of the Exchange in connection with the listing of the Offered Shares and the Compensation Option Shares on the Exchange;

(c) during the period commencing with the date hereof and ending on the conclusion of the distribution of the Offered Debentures, it will promptly provide to the Lead Underwriter, on behalf of the Underwriters, prior to filing or issuance of the same, any proposed press releases to be issued in connection with the Offering, subject to the Corporation's obligations under Applicable Securities Laws to make timely disclosure of material information, and the Lead Underwriter agrees to keep such information confidential until it is disseminated into the marketplace;

(d) during the period commencing with the date hereof and ending on the Closing Date the Corporation will promptly inform the Underwriters of the full particulars of:

(i) any material change (actual, anticipated or threatened) in the business, operations, capital or condition (financial or otherwise) of the Corporation or its properties or assets;

(ii) any change in any material fact contained or referred to in the Public Record; and

(iii) the occurrence of a material fact or event, which, in any such case, is, or may be, of such a nature as to: (A) render any portion of the Public Record untrue, false or misleading in any material respect; (B) result in a misrepresentation in the Public Record; or (C) result in the Public Record not complying with the Applicable Securities Laws;

provided that if the Corporation is uncertain as to whether a material change, change, occurrence or event of the nature referred to in this subparagraph has occurred, the Corporation shall promptly inform the Underwriters of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Underwriters as to whether the occurrence is of such a nature;

(e) during the period commencing with the date hereof and ending on the conclusion of the distribution of the Offered Debentures, the Corporation will promptly inform the Underwriters of:

(i) the receipt by the Corporation of any communication from any Securities Commission or similar regulatory authority, the Exchange, or any other competent authority relating to any part of the Public Record or the distribution of the Securities; and

(ii) the issuance by any Securities Commission or similar regulatory authority, the Exchange or by any other competent authority, of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; and

(f) the Corporation will promptly, and in any event within any applicable time limitation, comply to the reasonable satisfaction of the Underwriters and the Underwriters' counsel with Applicable Securities Laws of the Selling Jurisdictions with respect to any material change, change, occurrence or event of the nature referred to in subparagraphs 6(d) and 6(e) above;

(g) as soon as reasonably possible, and in any event by the Closing Date, the Corporation shall take all such steps as may reasonably be necessary to enable the Offered Debentures to be offered for sale and sold on a private placement basis to Subscribers in the Selling Jurisdictions through the Underwriters or any other investment dealers or brokers registered in any of the Selling Jurisdictions by way of the exemptions set forth in Applicable Securities Laws of each of the Selling Jurisdictions;

(h) the Corporation shall use its best efforts to maintain its status as a reporting issuer not in default of any Applicable Securities Laws in the provinces of Alberta and British Columbia until at least December 31, 2012 provided that the foregoing shall not restrict the ability of the Corporation to complete a merger, sale, acquisition or other similar transaction which is expressly provided for in the Trust Indenture;

(i) the Corporation will duly, faithfully and punctually perform all the obligations to be performed by it and comply with its covenants and agreements hereunder and under the Subscription Agreements;

(j) the Corporation will, within a reasonable period after the Closing Time and consistent with past business practices, use not less than $6,500,000 of the proceeds of the Offering to manufacture water treatment units consistent with the types of units used in the current business of the Corporation;

(k) the Corporation will, as soon as reasonably possible after the Closing Time, correct any deficiencies it may have in its continuous disclosure public filings, if any; and

(l) the Corporation (i) will not pledge any shares in the capital of either Material Subsidiary to any lender or other party; and (ii) until such time as all Debentures have expired, been redeemed or been converted, will not sell, transfer or hypothecate any shares in the capital of either Material Subsidiary without the express written consent of the Lead Underwriter.

7. The obligations of the Underwriters hereunder shall be conditional upon the occurrence of the following, and the Underwriters shall have the right on the Closing Date on behalf of Subscribers for Offered Debentures to withdraw all Subscription Agreements delivered and not previously withdrawn by Subscribers unless, on the Closing Date:

(a) the Underwriters receive a legal opinion of the Corporation's counsel addressed to the Underwriters and the Subscribers, in form and substance reasonably satisfactory to the Underwriters, with respect to such matters as the Underwriters may reasonably request relating to the offering of the Securities, including, without limitation, that:

(i) each of the Corporation and its Material Subsidiaries are valid and subsisting corporations and each of the Corporation and its Material Subsidiaries have all requisite corporate power and capacity to carry on its business as now conducted by it and to own its properties and assets;

(ii) the Corporation has full corporate power and authority to enter into this agreement, the Subscription Agreements, the Trust Indenture and the Compensation Options and to perform its obligations set out herein and therein, and this agreement, the Subscription Agreements and the Trust Indenture have been duly authorized, executed and delivered by the Corporation and constitute legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, subject to general qualifications relating to laws relating to creditors' rights generally and except that rights to indemnity may be limited by applicable law;

(iii) the execution and delivery of this agreement, the Subscription Agreements, the Trust Indenture and the Compensation Options and the fulfillment of the terms hereof and thereof by the Corporation, and the performance of and compliance with the terms of this agreement, the Subscription Agreements, the Trust Indenture and the Compensation Options by the Corporation do not and will not result in a breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under, any applicable laws of the Province of Alberta which are material to the Corporation or its operations, or any term or provision of the articles or by-laws;

(iv) the Offered Debentures have been duly and validly authorized, issued, executed and delivered by the Corporation and, when duly certified and delivered by the Trustee, will constitute legal, valid and binding obligations of the Corporation enforceable in accordance with their terms and the holders of Offered Debentures are entitled to the benefits of the Trust Indenture, subject to general qualifications relating to laws relating to creditors' rights generally;

(v) the form and terms of the definitive certificates representing the Offered Debentures have been approved and adopted by the directors of the Corporation and comply with the terms and conditions of the Trust Indenture and all legal requirements relating thereto;

(vi) the Offered Shares issuable upon the exercise or deemed exercise of the Offered Debentures have been reserved and allotted for issuance and, when issued in accordance with the terms of the Trust Indenture, will be validly issued as fully paid and non-assessable shares;

(vii) the Compensation Option Shares have been duly reserved and allotted for issuance, and when issued in accordance with the terms and conditions of the certificates representing the Compensation Options and upon payment therefore, will be validly issued as fully paid and non-assessable common shares.

(viii) the form and terms of the definitive certificates representing the Compensation Options have been approved and adopted by the directors of the Corporation;

(ix) the offering, sale, issuance and delivery of the Offered Debentures by the Corporation to purchasers in the Selling Jurisdictions (and Compensation Options to the Underwriters or as they may direct) are exempt from the prospectus requirements of Applicable Securities Laws in the Selling Jurisdictions and no prospectus or other documents must be filed, proceeding taken or approval, consent or authorization obtained by the Corporation under Applicable Securities Laws in the Selling Jurisdictions to permit the distribution of the Offered Debentures to purchasers in the Selling Jurisdictions (and the Compensation Options to the Underwriters or as they may direct), provided that the Corporation files, within the time periods stipulated by the Applicable Securities Laws in the Selling Jurisdictions, the reports stipulated by the Applicable Securities Laws in the Selling Jurisdictions, in each case prepared and executed in accordance with Applicable Securities Laws in the Selling Jurisdictions, together with the requisite filing fees, assuming distribution by registrants who comply with the relevant provisions of such Applicable Securities Laws; and

(x) the Exchange has conditionally approved notice of the issuance of the Securities and has conditionally approved the listing of the Offered Shares and the Compensation Option Shares subject to filing the required documentation;

and additionally, relating to:

(xi) the authorized and issued capital of the Corporation;

(xii) the qualification of the distribution of Offered Shares upon the deemed exchange and conversion of the Offered Debentures;

(xiii) the first trade in the Securities; and

(xiv) as to all other legal matters, including, compliance with Applicable Securities Laws in the Selling Jurisdictions, in any way connected with the creation, issuance, sale and delivery of the Securities, and as to all other matters relating thereto as the Underwriters or Underwriters' counsel may reasonably request.

It is understood that counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than Alberta and on certificates of officers of the Corporation, the registrar and transfer agent and the auditors of the Corporation as to relevant matters of fact;

(b) the Underwriters receive a certificate of the Corporation dated the Closing Date, addressed to the Underwriters and signed on the Corporation's behalf by its Chief Executive Officer and Chief Financial Officer with respect to such matters as the Underwriters or Underwriters' counsel may reasonably request and additionally certifying that:

(i) the Corporation has complied with and satisfied all terms and conditions of this agreement on its part to be complied with or satisfied at or prior to the Closing Time;

(ii) the representations and warranties of the Corporation set forth in this agreement are true and correct at the Closing Time, as if made at such time;

(iii) there have been no material changes to the responses provided by the Corporation at the Due Diligence Session;

(iv) no event of a nature referred to in Section 13(a), (b) or (d) has occurred or to the knowledge of such officers is pending, contemplated or threatened;

(v) the Corporation has made and/or obtained on or prior to the Closing Time, all necessary filings, approvals, consents and acceptances of applicable regulatory authorities and under any applicable agreement or document to which the Corporation is a party or by which it is bound, required for the execution and delivery of this agreement, the offering and sale of the Securities and the consummation of the other transactions contemplated hereby (subject to completion of filings with certain regulatory authorities following the Closing Date);

and the Underwriters shall have no knowledge to the contrary;

(c) the Underwriters are satisfied that Subscribers that acquire Offered Debentures under the Offering will be able to take advantage of, and the Offered Debentures, Offered Shares and the Compensation Option Shares may be resold in accordance with, subsection 2.5(2) of NI 45-102 such that the Offered Debentures, Offered Shares and the Compensation Option Shares will be subject only to a four month hold period under NI 45-102;

(d) the Underwriters receive definitive certificates representing, in the aggregate, all of the Offered Debentures issued on the Closing Date registered in such name or names as the Underwriters shall notify the Corporation in writing not less than twenty-four (24) hours prior to the Closing Time;

(e) the Underwriters receive executed copies of the Subscription Agreements accepted by the Corporation, each in form and substance reasonably satisfactory to the Underwriters and the Underwriters' counsel; and

(f) the Underwriters receive certificates representing such number of Compensation Options, as is provided for in paragraph 9.

8. The sale of the Offered Debentures shall be completed at the Closing Time at the offices of Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Underwriters may agree. Subject to the conditions set forth in paragraph 7, the Underwriters, on the Closing Date, shall deliver:

(a) to the Corporation, all completed Subscription Agreements and such other documents referred to in paragraph 5 hereof;

(b) to the Corporation, other documentation required by the Exchange or the Securities Commissions and provided by the Corporation to the Underwriters for such purpose; and

(c) by way of certified cheque or bank draft an amount equal to the aggregate of all the subscriptions delivered to and accepted by the Corporation in respect of the subscriptions for Offered Debentures net of the Underwriters' fee payable pursuant to paragraph 9 hereof and the prepaid fees and expenses contemplated by paragraph 10 hereof (or effect payment in such other manner as the Corporation and the Underwriters may agree);

against delivery by the Corporation of the certificates referred to in subparagraphs 7(d) and 7(f). The Corporation covenants and agrees to issue up to 5,000 Debentures (10,000 Debentures in the event the Underwriters Option is exercised in full) and the Corporation may not reject any properly completed Subscription Agreement unless the number of Debentures subscribed for pursuant to all Subscription Agreements and tendered by the Underwriters, exceeds the maximum number of 5,000 Debentures (or 10,000 Debentures in the event the and Underwriters' Option is exercised in full) to be sold under this agreement or unless the issuance of the Offered Debentures pursuant to any Subscription Agreement cannot be completed in accordance with Applicable Securities Laws.

9. In consideration for services of the Underwriters hereunder, the Corporation agrees to pay the Underwriters as follows:

(a) to Acumen Capital Finance Partners Limited, as the Lead Underwriter, for and on behalf of the Underwriters, a fee (the "**Underwriters' Fee**") equal to 8% of the gross proceeds from the sale of the Debentures, being the amount of $400,000 plus an amount equal to $80 for each additional Debenture in respect of which the Underwriters' Option is exercised and for which Debentures are issued hereunder, which amount may be netted off the amount paid in respect of the subscription amount for the Offered Debentures, as contemplated by paragraph 7(c) hereof; and

(b) such number of irrevocable non-assignable compensation options (the "**Compensation Options**") which is equal to 4% of the aggregate number of common shares issuable upon redemption or conversion of Offered Debentures sold pursuant hereto, all of which Compensation Options shall be delivered at the Closing Time. Each Compensation Option shall be exercisable to acquire one common share of the Corporation upon payment of $2.75 until the close of business on the date that is 24 months from the Closing Date. The Compensation Options granted pursuant to this section shall be delivered in the names and denominations directed by the Underwriters and shall be in substantially the form attached as **Schedule "C"** hereto.

10. Whether or not the transactions contemplated herein shall be completed, all costs and expenses of or incidental to the creation, issuance and distribution of the Securities shall be borne by the Corporation, including, without limitation, the reasonable fees and the disbursements of Underwriters' counsel, and the reasonable out-of-pocket expenses of the Underwriters, which fees shall be paid by the Corporation (or netted from the gross proceeds of the Offering) on the Closing Date.

11. All representations, warranties, covenants, terms and conditions of this agreement shall be construed as conditions, and any material breach or failure to comply with any such representation, warranty, covenant, term or condition shall entitle the Underwriters to terminate their obligation to distribute the Offered Debentures by written notice to that effect given to the Corporation prior to the Closing Date.

12. The Underwriters may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith, without prejudice to any of their rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on the Underwriters only if the same is in writing.

13. In addition to any other remedies which may be available to the Underwriters, each of the Underwriters shall be entitled, at its option, to terminate and cancel, without any liability on such Underwriter's part, the Underwriter's obligations under this agreement if, after the date hereof and prior to the Closing Time on the Closing Date:

(a) any order to cease or suspend trading in any securities of the Corporation, or prohibiting or restricting the distribution of the Offered Debentures is made, or proceedings are announced or commenced for the making of any such order, by any securities commission or similar regulatory authority, the Exchange or by any other competent authority, and has not been rescinded, revoked or withdrawn;

(b) any inquiry, investigation (whether formal or informal) or other proceeding in relation to the Corporation or any of its predecessors or any of their respective directors or senior officers is announced, commenced or threatened by any Securities Commission or similar regulatory authority, the Exchange or any other competent authority or any order is issued under or pursuant to any statute of Canada or of any of the provinces of Canada, or any other applicable law or regulatory authority (unless based on the activities or alleged activities of the Underwriters or their sub-agents), or there is any change of law, regulation or policy or the interpretation or administration thereof, which, in the sole opinion of the Underwriters, or any one of them, operates to materially prevent or restrict the trading or distribution of the common shares of the Corporation or the Securities;

(c) there should develop, occur or come into effect or existence any event, action, state, condition or financial occurrence of national or international consequence, acts of hostility or escalation thereof, or any other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, or any governmental action, law, regulation, inquiry or other occurrence of any nature whatsoever or change in the financial markets which, in the sole opinion of the Underwriters, or any one of them, acting reasonably, materially adversely affects or involves, or will materially adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation or the marketability of the Offered Debentures;

(d) there shall occur an event, or the Underwriters' due diligence investigations shall identify or discover an event, fact or circumstance, (actual, contemplated or threatened), which constitutes a material change or any change in a material fact or occurrence of a material fact or event in respect of the business, operations, assets or affairs (financial or otherwise) of the Corporation or its predecessors as disclosed in the Public Record or the Documents, which in the Underwriters' sole opinion, or any one of them, acting reasonably, could be reasonably expected to have a material adverse effect on the business, operations or affairs of the Corporation or the market price or value of the common shares or the marketability of the Offered Debentures;

(e) the state of the financial markets in any of the Selling Jurisdictions is such that in the opinion of the Underwriters, or any one of them, acting reasonably, the Offered Debentures cannot be marketed profitably;

(f) the Underwriters or any one of them, acting reasonably, determine that the Corporation shall be in breach of, default under or non compliance with any material representation, warranty, term or condition of this Agreement, the Subscription Agreements or the Trust Indenture;

(g) the Underwriters or any one of them shall become aware, as a result of their due diligence review or otherwise, of any adverse material change with respect to the Corporation (in the sole opinion of the Underwriters or any one of them, acting reasonably) which had not been disclosed to the Underwriters prior to the date hereof; or

(h) the Underwriters, or any one of them, shall determine that the responses provided by the Corporation or any other participant (other than the Underwriters) at the Due Diligence Session contained information which would have, in the sole opinion of the Underwriters, or any one of them, acting reasonably, a material adverse effect on the market price or value of the Offered Debentures or the common shares,

in any of which cases, the Underwriters shall be entitled, at their option, to terminate and cancel their obligations to the Corporation under this Agreement and the obligations of any purchaser under any Subscription Agreement by written notice to that effect given to the Corporation prior to the Closing. In the event of any such termination, the Corporation's liabilities to the Underwriters shall be at an end except for any liability of the Corporation provided for in this Agreement, which by its terms survives termination. If the Underwriters complete the transactions contemplated by this Agreement and the Offering is completed, the Underwriters are deemed to have waived all rights pursuant to paragraph 13 to terminate this Agreement.

14. The Underwriters may exercise any or all of the rights provided for in paragraphs 7, 11 or 13 notwithstanding any material change, change, event or state of facts and notwithstanding any act or thing taken or done by the Underwriters or any inaction by the Underwriters, whether before or after the occurrence of any material change, change, event or state of facts including, without limitation, any act of the Underwriters related to the offering or continued offering of the Offered Debentures for sale and any act taken by the Underwriters shall only be considered to have waived or be estopped from exercising or relying upon any of their rights under or pursuant to paragraphs 7, 11 or 13 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

15. Any termination pursuant to the terms of this agreement shall be effected by notice in writing delivered to the Corporation prior to the Closing Time, provided that no termination shall discharge or otherwise affect any obligation of the Corporation under paragraphs 10 and 17 through 26 inclusive and any obligation of the Underwriters under paragraphs 17 through 26 inclusive. The rights of the Underwriters to terminate their obligations hereunder are in addition to, and without prejudice to, any other remedies they may have.

16. It is understood that all representations, warranties, terms and conditions herein or contained in certificates or documents submitted pursuant to, or in connection with, the transactions contemplated herein shall survive the payment for the Offered Debentures and the termination of this agreement and shall continue in full force and effect for the benefit of the Underwriters regardless of any investigation, by or on behalf of, the Underwriters with respect thereto, for a period of five years from the Closing Date.

17. The Corporation (the "**Indemnitor**") shall indemnify and save harmless the Underwriters and their affiliates, shareholders, directors, partners, officers, employees, advisors and agents (collectively the "**Indemnified Parties**") from and against all actual or threatened claims, actions, suits, investigations and proceedings (collectively "**Proceedings**") and all losses (other than loss of profits), expenses, fees, damages, obligations, payments and liabilities (collectively "**Liabilities**") (including without limitation all statutory duties and obligations, all amounts paid to settle any action or to satisfy any judgment or award and all legal fees and disbursements actually incurred) which now or any time hereafter are suffered or incurred by reason of any event, act or omission in any way connected, directly or indirectly, with:

(a) any information or statement contained in the Subscription Agreements or the Public Record (other than any information or statement relating solely to the Underwriters and furnished to the Corporation by the Underwriters expressly for inclusion in the Subscription Agreements, the Documents or the Public Record) which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact the omission of which makes, or is alleged to make, any such information or statement untrue or misleading in light of the circumstances in which it was made;

(b) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating to the Underwriters and furnished to the Corporation by the Underwriters expressly for inclusion in the Subscription Agreements or the Public Record) contained in the Subscription Agreements or the Public Record;

(c) any misrepresentation or alleged misrepresentation contained in the responses given at the Due Diligence Session;

(d) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Debentures imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subparagraph 17(b);

(e) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities (not based upon the activities or the alleged activities of the Underwriters or their banking or selling group members, if any) relating to or materially affecting the trading or distribution of the Offered Debentures; or

(f) any breach of, default under or non compliance by the Corporation with any representation, warranty, term or condition of this Agreement or the Subscription Agreements or any requirement of Applicable Securities Laws;

provided that in the event and to the extent that a court of competent jurisdiction in a final judgment from which no appeal can be made or a regulatory authority in a final ruling from which no appeal can be made shall determine that such Proceedings or Liabilities resulted solely from the gross negligence, fraud or wilful misconduct of the Indemnified Party claiming indemnity, this indemnity shall not apply.

18. The Corporation hereby waives its right to recover contribution from the Underwriters with respect to any liability of the Corporation by reason of or arising out of any misrepresentation in the Documents provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of (i) any misrepresentation which is based upon information relating solely to the Underwriters contained in such document and furnished to the Corporation by the Underwriters expressly for inclusion in such document; or (ii) any failure by the Underwriters to provide to prospective purchasers of Offered Debentures any document which the Corporation is required to provide to such prospective purchasers and which the Corporation has provided to the Underwriters to forward to such prospective purchasers.

19. If any Proceeding is brought, instituted or threatened in respect of any Indemnified Party which may result in a claim for indemnification under this Agreement, such Indemnified Party shall promptly after receiving notice thereof, notify the Corporation of the notice of the claim, in writing, and the Corporation shall be entitled (but not required) to assume conduct of the defence thereof and retain counsel on behalf of the Indemnified Party who is reasonably satisfactory to the Indemnified Party, to represent the Indemnified Party in such Proceeding and the Corporation shall pay the fees and disbursements of such counsel and all other expenses of the Indemnified Party relating to such Proceeding as incurred. Failure to so notify the Corporation shall not relieve the Corporation from liability except and only to the extent that the failure materially prejudices the Corporation. If the Corporation assumes conduct of the defence for an Indemnified Party, the Indemnified Party shall, except when a conflict of interest as described in subparagraph 20(a) exists and counsel to the Indemnified Party advises the Indemnified Party that such action would be prejudicial to the interests of the Indemnified Party, fully cooperate in the defence including, without limitation, the provision of documents, appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet

with counsel, testify and divulge all information reasonably required to defend or prosecute the Proceedings.

20. In any such Proceeding, the Indemnified Party shall have the right to employ separate counsel and to participate in the defence thereof if:

(a) the Indemnified Party has been advised in writing by counsel that there may be a reasonable legal defence available to the Indemnified Party that is different from or in addition to those available to the Corporation or that a conflict of interest exists which makes representation by counsel chosen by the Corporation not advisable;

(b) the Indemnitor has not assumed the defence of the Proceeding and employed counsel therefor reasonably satisfactory to the Indemnified Party (acting reasonably) within ten (10) days after receiving notice thereof, on the basis provided in this Agreement; or

(c) employment of such other counsel has been authorized by the Corporation;

in which event the fees and disbursements of such counsel (on a solicitor and his client basis) shall be paid by the Corporation. It being understood, however, that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate law firm (in addition to any local counsel) for all such Indemnified Parties.

21. No admission of liability and no settlement of any Proceeding shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made by an Indemnified Party without the consent of the Indemnitor, such consent not to be unreasonably withheld, and the Indemnitor shall not be liable for any settlement of any Proceeding made without their consent, such consent not to be unreasonably withheld.

22. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is (in whole or in part), for any reason, held by a court to be unavailable from the Corporation on ground of policy or otherwise, each of the Corporation and the party or parties seeking indemnification shall contribute to the aggregate Liabilities (or Proceedings in respect thereof) to which they may be subject or which they may suffer or incur:

(a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand and by the Underwriters on the other hand from the offering of the Offered Debentures; or

(b) if the allocation provided by subparagraph (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subparagraph (a) above but also to reflect the relative fault of the party or parties seeking indemnity, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statement, omission, misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Underwriters, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the Offering received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Underwriters. The relative fault of the Corporation, on the one hand, and of the Underwriters, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter referred to in paragraph 17 hereof relates to information supplied or which ought to have been supplied by the Corporation or the Underwriters and the parties' relevant intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter referred to in paragraph 17 hereof.

The amount paid or payable by the Indemnitor as a result of any Proceedings or Liabilities shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof), whether or not resulting in any action, suit, proceeding or claim.

The Corporation agrees that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro-rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraphs.

Any liability of the Underwriters under this paragraph 22 shall be limited to the amount of the cash fees paid to the Underwriters pursuant to paragraph 9 hereof.

23. The rights to indemnity and right of contribution provided in the foregoing paragraphs shall be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law or in equity. The Indemnitor waives all rights of contribution that it may have against any Indemnified Party relating to any Liability in respect of which the Indemnitor has agreed to indemnify the Indemnified Parties hereunder.

24. It is the intention of the Corporation to constitute the Underwriters as trustees for the Indemnified Parties for the purposes of paragraphs 17 through 23 inclusive and the Underwriters shall be entitled, as trustees, to enforce such covenants on behalf of any other Indemnified Persons.

25. If any Proceeding is brought in connection with the transactions contemplated by this Agreement and the Underwriters (or any of them) are required to testify in connection therewith or are required to respond to procedures designed to discover information relating thereto, the Corporation shall pay to the Underwriters reasonable fees at the normal per diem rate for their directors, officers, partners, employees, agents and advisors involved in preparation for and attendance at such Proceeding or in so responding. Any other reasonable costs and out-of-pocket expenses incurred by it in connection therewith will be paid by the Corporation as they are incurred.

26. The obligations under the indemnity and right of contribution provided herein shall apply whether or not the transactions contemplated by this agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this agreement.

27. All steps which must or may be taken by the Underwriters in connection with this agreement, other than a notice of termination under paragraph 13 or any matter respecting an Underwriter's

right of indemnity or contribution under paragraphs 17 through 26, but including any statement to amend this agreement other than an amendment of the provisions of paragraph 28, may be taken by the Lead Underwriter on behalf of the Underwriters and the remaining Underwriters hereby authorize the Corporation to deal solely with the Lead Underwriter on behalf of the Underwriters, accept notification of any steps from, and deliver the certificates representing the Common Shares and the Underwriters' fees and expenses to, or to the order of, the Lead Underwriter on their behalf.

28. The Underwriters' obligations under this agreement are separate and not joint and several and:

(a) each of the Underwriters shall be obligated to purchase only the percentage of the total number of a maximum of 5,000 Debentures set opposite their names set forth in paragraph 29; and

(b) if any of the Underwriters has not purchased its applicable percentage of the maximum number of 5,000 Debentures and the others shall be willing to purchase its own applicable percentage of the maximum number of 5,000 Debentures, such others shall be relieved of their obligations hereunder;

provided that, notwithstanding the provisions of subparagraph (b) of this paragraph 28, the Underwriters who shall be willing and able to purchase its applicable percentage of the total number of 5,000 Debentures shall have the right, but not the obligation, to purchase the number of Debentures not purchased by any other Underwriter. Nothing in this paragraph 28 shall obligate the Corporation to sell less than 5,000 Debentures.

29. The applicable percentage of the total maximum number of 5,000 Debentures which each of the Underwriters shall be separately obligated to purchase is as follows:

Acumen Capital Finance Partners Limited	90%
Paradigm Capital Inc.	10%
	100%

30. The Corporation hereby irrevocably grants the Lead Underwriter a right of first refusal to act as lead agent or lead underwriter, from the date hereof until the day that is 18 months after the last Closing Date, in respect of any and all financings through issuance of common shares (or other equity securities) or securities convertible, exercisable or exchangeable into such common shares (or other equity securities), whether by way of private placement or public offering, proposed by the Corporation and which utilize the services of an investment dealer or other adviser, placement agent or "finder". The Corporation shall give the Lead Underwriter written notice ("**Notice**") of any such financing it proposes to undertake setting forth the terms thereof, and, where a financing is proposed by an investment dealer, registrant or other market intermediary, the term sheet proposed by the investment dealer, registrant or other market intermediary shall be attached to the Notice. The Lead Underwriter shall have a period of five (5) business days following receipt by the Lead Underwriter of the Notice (the "**Prescribed Period**") within which to give written notice (the "**ROFR Notice**") to the Corporation that the Lead Underwriter wishes to exercise the right of first refusal and accept the terms of the proposed financing on the terms set forth in the Notice. If the ROFR Notice is delivered by the Lead Underwriter, the Corporation shall appoint the Lead Underwriter as lead agent or lead underwriter, as applicable, and shall allocate not less than 100% of the proposed financing to the Lead Underwriter (unless the Lead Underwriter specifies a lower percentage or otherwise agrees in writing). If the ROFR Notice is not delivered by the Lead Underwriter within the Prescribed Period or the Lead Underwriter otherwise advises the

Corporation that it will not exercise its right of first refusal, the Corporation shall be entitled to pursue the financing on the terms set forth in the Notice, provided that if such financing is not completed within a 45 day period following the date on which the Notice is given to the Lead Underwriter by the Corporation, the right of first refusal shall apply again in respect of such proposed financing until the day that is 18 months after the last Closing Date.

31. Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation, be addressed to:

SEAIR Inc.
9554 Yellowhead Trail
Edmonton, AB V5G 0W4

Attention: Harold Kinasewich, President and Chief Executive Officer
Facsimile No.: (780) 77-6622

with a copy to:

Heenan Blaikie LLP
12th Floor, 425 – 1st Street S.W.
Calgary, AB T2P 3L8
Attention: Peter Soby
Facsimile No.: (403) 234-7987

and in the case of notice to be given to the Underwriters, addressed to:

Acumen Capital Finance Partners Limited
Suite 700, 404 - 6th Avenue S.W.
Calgary, Alberta T2P 0R9

Attention: Alfred Sailer
Facsimile No.: (403) 571-0313

and to:

Paradigm Securities Inc.
Suite 700, 404 - 6th Avenue S.W.
Calgary, Alberta T2P 0R9

Attention: Peter Greenwood
Facsimile No.: (416) 361 0679

with a copy to:

Burstall Winger LLP
Barristers and Solicitors
Suite 1600, Dome Tower
333 - 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

Attention: Jay Zammit

Facsimile No.: (403) 266-6016

or to such other address as the party may designate by notice given to the others. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

(a) a communication which is personally delivered shall, if delivered before 4:30 p.m. (Calgary time) on a business day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first business day following the day on which it is delivered; and

(b) a communication which is sent by facsimile transmission shall, if sent on a business day before 4:30 p.m. (Calgary time), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first business day following the day on which it is sent.

32. The Corporation agrees that from the date hereof until 30 days following the end of the statutory hold period applicable to the Securities, that it shall not offer, or announce the offering of, or make or announce any agreement to issue, sell, or exchange common shares or securities convertible or exchangeable into common shares without the prior consent of the Lead Underwriter, which consent shall not be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may issue common shares to the holders of stock options existing at the date hereof as well as grant stock options and issue common shares pursuant to the exercise of options issued after the date hereof to officers, directors, employees and consultants of the Corporation pursuant to board approved option incentive programs or to satisfy existing instruments and agreements already issued and executed as of the date hereof, without the consent of the Lead Underwriter.

33. The Corporation: (i) acknowledges and agrees that the Underwriters have certain statutory obligation as a registrants under the Applicable Securities Laws and have fiduciary relationships with their clients; and (ii) consents to the Underwriters acting hereunder while continuing to act for their clients. To the extent that the Underwriters' statutory obligations as registrants under Applicable Securities Laws or fiduciary relationships with their clients conflict with their obligations hereunder, the Underwriters shall be entitled to fulfill their statutory obligations as a registrant under Applicable Securities Laws and its duties to their clients. Nothing in this agreement shall be interpreted to prevent the Underwriters from fulfilling their statutory obligations as a registrants under Applicable Securities Laws or to act as fiduciaries of their clients.

34. The Corporation acknowledges and agrees that it is the intention of the parties hereto and the Corporation hereby constitutes the Underwriters as trustees for each of the Subscribers in respect of each of the covenants, agreements and representations and warranties of the Corporation contained herein and the Underwriters shall be entitled, as trustee, in addition to any rights of the Subscribers, to enforce such covenants, agreements and representations and warranties on behalf of the Subscribers.

35. If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this agreement, but this agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

36. This agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the parties hereto hereby attorn to the jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom.

37. Time shall be of the essence of this agreement.

38. This agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

39. It is understood that the terms and conditions of this agreement supersede any previous verbal or written agreement between the Underwriters (or any of them) and the Corporation in respect of the offer for sale by the Corporation of Securities, including in particular the letter agreement between the Corporation and the Lead Underwriter dated June 1, 2007.

(The remainder of this page has been left blank intentionally)

If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and returning same to the Underwriters' counsel.

ACUMEN CAPITAL FINANCE PARTNERS LIMITED

Per: signed "*Alfred Sailer*"

PARADIGM CAPITAL INC.

Per: signed "*Peter Greenwood*"

ACCEPTED AND AGREED to effective as of the date of this agreement.

SEAIR INC.

Per: signed "*Harold Kinasewich*"

SCHEDULE "A"

LIST OF MATERIAL CONTRACTS

None

SCHEDULE "B"

LIST OF EMPLOYMENT AGREEMENTS

1. Employment Contract dated September 1, 2006 between SEAIR Diffusion Systems Inc. ("SDS") and Harold Kinasewich;

2. Employment Contract dated September 8, 2004 between SDS and Chris Kinasewich;

3. Employment Contract dated August 15, 2006 between SEAIR Septic Inc. ("SSI") and Harold Kinasewich;

4. Employment Contract dated March 15, 2006 between Dr. Ansar Qureshi and SDS;

5. Employment Contract dated August 15, 2006 between SSI and Chris Kinasewich; and

6. Employment Contract dated August 16, 2006 between SSI and Brian Rust.

SCHEDULE "C"

SEAIR INC.
COMPENSATION OPTION CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 22, 2007.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES OR THE UNDERLYING SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL OCTOBER 22, 2007.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND ANY SECURITIES ISSUED UPON EXERCISE OF SUCH SECURITIES ARE SUBJECT TO HOLD PERIODS AND RESALE RESTRICTIONS UNDER APPLICABLE SECURITIES LEGISLATION AND MAY NOT BE TRADED EXCEPT AS MAY BE PERMITTED, AND IN THE MANNER PERMITTED, BY SUCH SECURITIES LEGISLATION.

THE SECURITIES REPRESENTED HEREBY WILL BE VOID AFTER THE TIME OF EXPIRY AS DESCRIBED HEREIN. DO NOT DESTROY THIS CERTIFICATE.

THIS CERTIFIES that, for value received, ● (the "**Holder**") is the registered holder of an option (the "**Compensation Option**"). Subject to the terms and conditions set forth in this certificate or by a replacement certificate (in either case this "**Certificate**"), this Compensation Option shall entitle the Holder to subscribe for and purchase up to ● fully paid and non-assessable common shares (the "**Shares**") of SEAIR Inc. (the "**Corporation**") at any time commencing on the date hereof and continuing up to 5:00 p.m. (Calgary time) on June 21, 2009 (the "**Time of Expiry**"), upon payment of $2.75 per Share (the "**Exercise Price**"). The number of Shares which the holder is entitled to acquire upon exercise of the Compensation Option is subject to adjustment as hereinafter provided.

This Compensation Option is being issued as partial compensation to the Holder for its services in connection with the issue and sale of Debentures of the Corporation pursuant to an underwriting agreement dated as of June 21, 2007 among the Corporation, Acumen Capital Finance Partners Limited and Paradigm Capital Inc. (the "**Underwriting Agreement**").

Section 1 Exercise of Compensation Option

(1) Election to Purchase. The rights evidenced by this Certificate may be exercised by the Holder in whole or in part and in accordance with the provisions hereof by delivery of an election to exercise substantially in the form attached hereto as Exhibit "1" (the "Election to Exercise"), properly completed and executed, together with payment of the Exercise Price for the number of Shares specified in the Election to Exercise at the office of the Corporation at 9554 Yellowhead Trail, Edmonton, AB, V5G 0W4 or such other address in Canada as may be specified in writing by the Corporation. In the event that the rights evidenced by this Certificate are exercised in part, the Corporation will, contemporaneously with the issuance of the Shares issuable on the portion of the Compensation Option so exercised, issue to the Holder a replacement certificate representing the unexercised balance of the Compensation Option.

(2) Exercise. The Corporation will, on the date it receives a duly executed Election to Exercise and the Exercise Price for the number of Shares specified in the Election to Exercise (the "**Exercise Date**"), issue that number of Shares specified in the Election to Exercise, which Shares shall be issued as fully paid and non-assessable Shares of the Corporation.

(3) Certificate. As promptly as practicable after the Exercise Date and, in any event, within three business days of receipt of the Election to Exercise, the Corporation shall issue and deliver to the Holder, registered in such name or names as the Holder may direct or if no such direction has been given, in the name of the Holder, certificate(s) for the number of Shares specified in the Election to Exercise. To the extent permitted by law, such exercise shall be deemed to have been effected as of the close of business on the Exercise Date, and at such time the rights of the Holder with respect to the number of Shares in respect of which the Compensation Option has been exercised shall cease, and the person or persons in whose name or names any certificate(s) for Shares shall then be issuable upon such exercise shall be deemed to have become the holder or holders of record of the securities represented thereby.

Section 2 Anti-Dilution Protection

(1) ***Definitions***. For the purposes of this section 2, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below will have the respective meanings specified therefor in this subsection:

(a) "**Adjustment Period**" means the period commencing on June 21, 2007 and ending at the Time of Expiry;

(b) "**Current Market Price**" of the Shares at any date means the price per share equal to the weighted average price at which the Shares have traded on the TSX Venture Exchange Inc. (the "**TSX-V**") or, if the Shares are not then listed on the TSX-V, on such other Canadian stock exchange as may be selected by the directors of the Corporation for such purpose or, if the Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of any twenty consecutive trading days ending not more than three trading days before such date; provided that the weighted average price will be determined by dividing the aggregate sale price of all Shares sold on the said exchange or market, as the case may be, during the said twenty consecutive trading days by the total number of Shares so sold; and provided further that if the Shares are not then listed on any Canadian stock exchange or traded in the over-the counter market, then the Current Market Price will be determined by such firm of independent chartered accountants as may be selected by the directors of the Corporation;

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

(d) "**trading day**" with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business.

(2) ***Adjustments***. The number of Shares which the Holder shall be entitled to receive pursuant to this Compensation Option (the "**Share Rate**") shall be subject to adjustment from time to time in the events and in the manner provided as follows.

(a) If at any time during the Adjustment Period the Corporation:

(i) fixes a record date for the issue of, or issues, Shares to the holders of all or substantially all of the outstanding Shares by way of a stock dividend;

(ii) fixes a record date for the distribution to, or makes a distribution to, the holders of all or substantially all of the Shares payable in Shares or securities exchangeable for or convertible into Shares;

(iii) subdivides the outstanding Shares into a greater number of Shares; or

(iv) consolidates the outstanding Shares into a lesser number of Shares;

(any of such events in subclauses (i), (ii), (iii) and (iv) above being herein called a "**Common Share Reorganization**"), the Share Rate shall be adjusted on the earlier of the record date on which holders of Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Share Rate in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

(A) the denominator of which will be the number of Shares outstanding on such record date or effective date before giving effect to such Common Share Reorganization; and

(B) the numerator of which will be the number of Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including in the case of a distribution of securities exchangeable for or convertible into Shares the number of Shares that would be outstanding had such securities all been exchanged for or converted into Shares on such date).

To the extent that any adjustment in the Share Rate occurs pursuant to this clause 2(2)(a) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Shares, such Share Rate will be readjusted immediately after the expiry of any relevant exchange or conversion right to the Share Rate which would then be in effect based upon the number of Shares actually issued and remaining issuable after such expiry and will be further readjusted in such manner upon the expiry of any further such right.

(b) If at any time during the Adjustment Period the Corporation fixes a record date for the issue or distribution to the holders of all or substantially all of the outstanding Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Shares or securities exchangeable for or convertible into Shares at a price per share (or in the case of securities exchangeable for or convertible into Shares at an exchange or conversion price per share at the date of issue of such securities) of less than 95% of the Current Market Price of the Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Share Rate will be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Share Rate in effect on such record date by a fraction:

(i) the denominator of which will be the aggregate of

(A) the number of Shares outstanding on the record date for the Rights Offering; and

(B) the quotient determined by dividing

(I) either (a) the product of the number of Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

(II) the Current Market Price of the Shares as of the record date for the Rights Offering; and

(ii) the numerator of which will be the aggregate of the number of Shares outstanding on such record date and the number of Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Shares the number of Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this clause 2(2)(b), there is more than one purchase, conversion or exchange price per Share, the aggregate price of the total number of additional Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, will be calculated for purposes of the adjustment on the basis of the weighted average purchase, conversion or exchange price per Share, as the case may be. Any Shares owned by or held for the account of the Corporation will be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Share Rate occurs pursuant to this clause 2(2)(b) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this clause 2(2)(b), the Share Rate will be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Share Rate which would then be in effect based upon the number of Shares actually issued and remaining issuable after such expiry and will be further readjusted in such manner upon the expiry of any further such right.

(c) If at any time during the Adjustment Period the Corporation fixes a record date for the issue or distribution to the holders of all or substantially all of the Shares of:

(i) shares of the Corporation of any class other than Shares;

(ii) rights, options or warrants to acquire Shares or securities exchangeable for or convertible into Shares (other than rights, options or warrants pursuant to which holders of Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Shares at a price per share (or in the case of securities exchangeable for or convertible into Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Shares on such record date);

(iii) evidences of indebtedness of the Corporation; or

(iv) any property or assets of the Corporation;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "Special Distribution"), the Share Rate will be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Share Rate in effect on the record date for the Special Distribution by a fraction:

(A) the numerator of which will be the aggregate of

(I) the product of the number of Shares outstanding on such record date and the Current Market Price of the Shares on such record date, and

(II) the aggregate fair value, as determined by the directors of the Corporation, to the holders of the Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

(B) the denominator of which will be the product obtained by multiplying the number of Shares outstanding on such record date by the Current Market Price of the Shares on such record date.

Any Shares owned by or held for the account of the Corporation will be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Share Rate occurs pursuant to this clause 2(2)(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Shares or securities exchangeable for or convertible into Shares referred to in this clause 2(2)(c), the Share Rate will be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Shares issued and remaining issuable immediately after such expiry, and will be further readjusted in such manner upon the expiry of any further such right.

(d) If at any time during the Adjustment Period there occurs:

(i) a reclassification or redesignation of the Shares, any change of the Shares into other shares or securities or any other capital reorganization involving the Shares other than a Common Share Reorganization;

(ii) a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate which results in a reclassification or redesignation of the Shares or a change or exchange of the Shares into other shares or securities; or

(iii) the transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being herein called a "**Capital Reorganization**"), after the effective date of the Capital Reorganization the Holder will be entitled to receive, and shall accept, upon exercise of the Compensation Option, in lieu of the number of Shares which the Holder shall be entitled to receive pursuant to this Compensation Option, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Shares which the Holder shall be entitled to receive pursuant to this Compensation Option. If necessary, as a result of any Capital Reorganization, appropriate adjustments will be made in the application of the provisions of this Certificate with respect to the rights and interest thereafter of the Holder to the end that the provisions of this Certificate will thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Compensation Option.

For greater certainty, the Holder shall pay for the number of shares, other securities or property as aforesaid, the aggregate amount the Holder would have paid if the Holder had exercised the Compensation Option hereby granted prior to the effective date of such reclassification, change, subdivision, redivision, consolidation, amalgamation or merger, as the case may be.

(3) ***Rules***. The following rules and procedures will be applicable to adjustments made pursuant to subsection 2(2) of this Certificate.

(a) Subject to the following provisions of this subsection 2(3), any adjustment made pursuant to subsection 2(2) hereof will be made successively whenever an event referred to therein will occur.

(b) No adjustment will be made in the Share Rate unless it would result in a change of at least one percent in the prevailing Share Rate; provided, however, that any adjustments which except for the provisions of this clause 2(3)(b) would otherwise have been required to be made will be carried forward and taken into account in any subsequent adjustment.

(c) If at any time during the Adjustment Period the Corporation will take any action affecting the Shares, other than an action or an event described in subsection 2(2) hereof, which in the opinion of the directors would have a material adverse effect upon the rights of the Holder under this Certificate, the Exercise Price and/or the number of Shares purchasable under the Certificate will be adjusted in such manner and at such time as the directors may determine to be equitable in the circumstances. Failure of the taking of action by the directors so as to provide for an adjustment prior to the effective date of any action by the Corporation affecting the Shares will be deemed to be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

(d) No adjustment in the number or kind of securities purchasable on the exercise of the Compensation Option will be made in respect of any event described in section 2 hereof if the Holder is entitled to participate in such event on the same terms mutatis mutandis as if the Holder had exercised the Compensation Option prior to or on the record date or effective date, as the case may be, of such event.

(e) If the Corporation sets a record date to determine holders of Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and will thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, no adjustment in the Share Rate will be required by reason of the setting of such record date.

(f) In any case in which this Certificate requires that an adjustment become effective immediately after a record date for an event referred to in subsection 2(2) hereof, the Corporation may defer, until the occurrence of such event:

(i) issuing to the Holder, to the extent that the Compensation Option is exercised after such record date and before the occurrence of such event, the additional Shares issuable upon such exercise by reason of the adjustment required by such event; and

(ii) delivering to the Holder any distribution declared with respect to such additional Shares after such record date and before such event;

provided, however, that the Corporation delivers to the Holder an appropriate instrument evidencing the right of the Holder, upon the occurrence of the event requiring the adjustment, to an adjustment in the Share Rate.

(g) If a dispute arises at any time with respect to any adjustment of the Exercise Price, Share Rate or the number of Shares purchasable pursuant to this Certificate, such dispute will be conclusively determined by the auditors of the Corporation or if they are unable or unwilling to act by such other firm of independent chartered accountants as may be selected by the directors of the Corporation.

(h) Adjustments to the Exercise Price, Share Rate or the number of Shares purchasable pursuant to this Certificate may be subject to the prior approval of TSX-V.

(4) ***Taking of Actions.*** As a condition precedent to the taking of any action which would require an adjustment pursuant to subsection 2(2) hereof the Corporation will take any action which may, in the opinion of the Corporation's legal counsel, be necessary in order that the Corporation may validly and legally issue as fully paid and non-assessable shares all of the Shares which the Holder is entitled to receive in accordance with the provisions of this Certificate.

(5) ***Notice.*** At least ten days prior to any record date or effective date, as the case may be, for any event which requires or might require an adjustment in any of the rights of the Holder under this Certificate, including the Exercise Price and the number of Shares which are purchasable under this Certificate, the Corporation will deliver to the Holder, at the Holder’s registered address, a certificate of the Corporation specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this subsection 2(5) has been given is not then determinable, the Corporation will promptly after such adjustment is determinable deliver to the Holder, at the Holders registered address, a certificate providing the calculation of such adjustment. The Corporation hereby covenants and agrees that the register of transfers and share transfer books for the Shares will be open, and that the Corporation will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Certificate, during such period.

Section 3 Covenants and Representations

The Corporation hereby represents and warrants that it is authorized to create and issue the Compensation Options and covenants and agrees that it will cause the Shares and Compensation Options from time to time subscribed for and purchased in the manner provided in this Certificate and the certificate representing such Shares to be issued and that, at all times prior to the Time of Expiry, it will reserve and there will remain unissued a sufficient number of Shares to satisfy the right of purchase provided for in this Certificate. The Corporation hereby further covenants and agrees that it will at its expense expeditiously use its reasonable commercial efforts to obtain the listing of such Shares (subject to issue or notice of issue) on each stock exchange or over-the-counter market on which the Shares may be listed from time to time. All Shares which are issued upon the exercise of the right of purchase provided in this Certificate, upon payment therefore of the Exercise Price, shall be and be deemed to be fully paid and non-assessable shares and free from all taxes, liens and charges with respect to the issue thereof. The Corporation hereby represents and warrants that this Certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Certificate, subject to the qualification that such enforceability may be subject to: (i) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law).

Section 4 Expiry Date

This Compensation Option will expire and all rights to purchase Shares hereunder will cease and become null and void at 5:00 p.m. (Calgary time) at and after the Time of Expiry. At and after the Time of Expiry, no Holder of a Certificate will have any further rights to acquire Shares and the Compensation Option will be of no value or effect.

Section 5 No Fractional Common Shares

The Corporation will not be required to issue fractional Shares in satisfaction of its obligations hereunder. If any fractional interest in a Share would be deliverable upon the exercise of the Compensation Option, the Corporation will, in lieu of delivering the fractional Share, satisfy the right to receive such fractional interest by payment to the Holder of an amount in cash equal (computed in the case of a fraction of a cent to the next lower cent) to the value of the right to acquire such fractional interest on the basis of the Current Market Price of the Shares on the date of exercise as calculated in accordance with the provisions of Section 2 hereof.

Section 6 Non-Transferability of Compensation Option

This Certificate is non-assignable and non-transferable.

Section 7 Replacement

Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of this Certificate and, if requested by the Corporation, upon delivery of a bond of indemnity satisfactory to the Corporation (or, in the case of mutilation, upon surrender of this Certificate), the Corporation will issue to the Holder a replacement certificate (containing the same terms and conditions as this Certificate).

Section 8 Shareholder Status

The holding of the Compensation Option evidenced by this Certificate will not constitute the Holder a shareholder of the Corporation or entitle the Holder to any right or interest in respect thereof except as expressly provided in this Certificate.

Section 9 Successors

This Certificate will enure to the benefit of and will be binding upon the Holder and the Corporation and their respective successors.

Section 10 Governing Law

This Certificate will be construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(The remainder of this page has been left blank intentionally)

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officer.

DATED as of the 21st day of June, 2007.

SEAIR INC.

By:

____

Authorized Signature

EXHIBIT 1

Election to Exercise

The undersigned hereby irrevocably elects to exercise the Compensation Option to acquire the number of Shares of SEAIR Inc. set out below (or other property or securities subject thereto) as set forth below:

(a) Number of Shares to be Acquired: ____

(b) Exercise Price per Share: ____

(c) Aggregate Purchase Price [(a) multiplied by (b)]: $____________________________

and hereby tenders a certified cheque, bank draft or cash for such aggregate purchase price, and directs such Shares to be registered and a certificate therefor to be issued as directed below.

DATED this _________day of ______________ , 200___ .

Per: __________________________________

Direction as to Registration

Name of Registered Holder: ____

Address of Registered Holder: ____