

CARPATHIAN GOLD INC.

- and -

CORMARK SECURITIES INC.

**(on its own behalf and on behalf of Macquarie Capital Markets Canada Ltd.,
Canaccord Genuity Corp., Haywood Securities Inc., Jennings Capital Inc.
and Stonecap Securities Inc.)**

- and -

EQUITY FINANCIAL TRUST COMPANY

SUBSCRIPTION RECEIPT AGREEMENT

**Providing for the Issue of
up to 115,000,000 Subscription Receipts**

November 22, 2011

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THIS SUBSCRIPTION RECEIPT AGREEMENT made November 22, 2011.

AMONG: **CARPATHIAN GOLD INC.**, a corporation incorporated under the laws of Canada;

(the "**Corporation**")

AND: **CORMARK SECURITIES INC.**, a corporation existing under the laws of the Province of Ontario;

(on its own behalf and on behalf of Macquarie Capital Markets Canada Ltd., Canaccord Genuity Corp., Haywood Securities Inc., Jennings Capital Inc. and Stonecap Securities Inc.)

("Cormark")

AND: **EQUITY FINANCIAL TRUST COMPANY**, a trust company existing under the laws of Canada;

(the "**Subscription Receipt Agent**")

WHEREAS the Corporation proposes to create and issue Subscription Receipts (as hereinafter defined) to be constituted and issued as herein provided each representing the right to acquire one Common Share (as hereinafter defined) in the manner herein set forth;

AND WHEREAS the Corporation is authorized to create and issue the Subscription Receipts as herein provided and to complete the transactions contemplated herein;

AND WHEREAS the Subscription Receipt Agent has agreed to act as registrar and transfer agent for the Subscription Receipts, and to receive and hold the Escrowed Funds (as hereinafter defined) as escrow agent;

AND WHEREAS all things necessary have been done and performed to make the Subscription Receipts, when certified by the Subscription Receipt Agent and issued as provided in this Agreement, legal, valid and binding obligations of the Corporation with the benefits and subject to the terms of this Agreement;

AND WHEREAS the foregoing recitals are by the Corporation and not by the Subscription Receipt Agent;

NOW THEREFORE, THIS AGREEMENT WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby mutually acknowledged,

IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

ARTICLE 1

INTERPRETATION

1.1 Definitions

In this Agreement, including recitals and schedules hereto, unless there is something in the subject matter or context inconsistent therewith:

“Business Day” means a day which is not a Saturday, Sunday, or statutory or civic holiday in the City of Toronto, Ontario;

“Book-Entry Only System” means the book-based securities transfer system administered by CDS in accordance with its operating rules and procedures in force from time to time;

“Capital Reorganization” has the meaning ascribed thereto in Section 5.2(4);

“CDS” means CDS Clearing and Depository Services Inc. and its successors in interest;

“Closing” means November 22, 2011 or such other date as may be agreed to by the Corporation and Cormark for the closing of the purchase and sale of 100,000,000 Subscription Receipts, and such other date or dates as may be agreed to by the Corporation and Cormark for the closing of the purchase and sale of up to 15,000,000 Subscription Receipts pursuant to the exercise of the OAO;

“Common Shares” means the common shares in the capital of the Corporation;

“Confirmation Certificate” means a certificate executed by the Corporation in the form attached as Schedule “B” hereto addressed to Cormark, on its own behalf and on behalf of the Underwriters, confirming that the Release Conditions (other than delivery of the Release Certificate) have been satisfied;

“Conversion Date” with respect to any Subscription Receipt means the date of the automatic conversion of the Subscription Receipts pursuant to Section 4.1;

“Convertible Securities” means securities of the Corporation (other than a Subscription Receipt) convertible into or exchangeable for or otherwise carrying the right to acquire Common Shares;

“Cormark” means Cormark Securities Inc.;

“Corporation” means Carpathian Gold Inc., a corporation existing under the laws of Canada;

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

“Counsel” means a barrister, solicitor or attorney (who may be an employee of the Corporation) or a firm of barristers and solicitors or attorneys (who may be counsel to the Corporation), in both cases acceptable to the Subscription Receipt Agent;

“Current Market Price” of a Common Share at any date means the price per share equal to the volume weighted average price at which the Common Shares have traded on the TSX for any 20 consecutive days on which shares may be traded on the TSX selected by the Corporation commencing not more than 30 trading days before such date, or, if the Common Shares are not listed on the TSX, on any other stock exchange on which the Common Shares are then listed as may be selected by the directors, or, if the Common Shares are not listed on any stock exchange, then on the over-the-counter market with the volume weighted average price per Common Share being determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the aggregate number of Common Shares so sold or, if not traded on any recognized market or exchange, as determined by the directors, acting reasonably;

“Default Certificate” means the certificate executed by the Corporation and signed by Cormark in substantially the form attached hereto as Schedule “D” and addressed to the Subscription Receipt Agent confirming that the Release Event has not occurred prior to the Release Deadline;

“Default” means the failure of the Release Event to occur on or before the Release Deadline;

“Default Deadline” means 5:00 p.m. (Toronto time) on the third Business Day following the date the Subscription Receipt Agent receives the Default Certificate;

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

“Escrow Agent” means Equity Financial Trust Company, in its capacity hereunder and any lawful successors or permitted assigns hereto appointed hereunder from time to time;

“Escrowed Funds” at any time means the aggregate of the Initial Escrowed Funds together with all interest and other income earned thereon;

“Exchange Number” at any time means that number of Common Shares that Subscription Receiptholders are entitled to receive for each Subscription Receipt held upon automatic exercise of the Subscription Receipts in accordance with the terms and conditions of this Agreement, as such number may be adjusted pursuant to Article 5 hereof, and such number, as at the date hereof, is equal to one (1);

“extraordinary resolution” has the meaning ascribed thereto in Sections 9.12 and 9.15 respectively;

“Initial Escrowed Funds” means the amount of \$40,000,000 being the gross proceeds of the public offering by the Corporation of 100,000,000 Subscription Receipts (up to \$46,000,000 if the OAO is exercised) as applicable;

“OAO” means the over-allotment option granted by the Corporation to the Underwriters pursuant to the Underwriting Agreement to purchase up to an additional 15,000,000 Subscription Receipts;

“Offered Securities” has the meaning ascribed thereto in Section 5.2(2);

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

“Prospectus” means the final short form prospectus of the Corporation dated November 15, 2011.

“Purchase Price” means \$0.40 per Subscription Receipt;

“Purchaser” means a purchaser of Subscription Receipts;

“Qualified Investments” means short-term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada or any province or territory of Canada or a Canadian chartered bank, provided that such obligation is rated at least R1 (low) by Dominion Bond Rating Service Limited or an equivalent rating from another “approved rating organization”, as defined in National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators;

“Qualifying Provinces” means the provinces of Canada in which the original purchasers of Subscription Receipts are resident;

“Regulation S” means Regulation S under the U.S. Securities Act;

“Release Certificate” means the certificate executed by the Corporation and signed by Cormark in substantially the form attached as Schedule “C” hereto and addressed to the Subscription Receipt Agent confirming that the Release Event has occurred prior to the Release Deadline;

“Release Conditions” means the following conditions:

- (i) the additional condition that the Corporation not start any work until the installation is endorsed by URC LI COPAM/North as published in the Official Gazette of the State of Minas Gerais – MG-DOE on October 15, 2011 shall have been fulfilled with no material adverse change (a) to the terms of the Ad Referendum to the Licença Instalação announced by the Corporation on September 16, 2011; (b) to the economics of the Corporation’s Riacho Dos Machados gold project in Brazil as set forth in the technical report dated May 20, 2011 entitled “Technical Report on the Resource Estimate Update and the Feasibility Study for Riacho Dos Machados Gold Deposit, Minas Gerais State, Brazil” prepared by Tecnomin – Projetos E Consultoria Ltda., in collaboration with NCL Brasil Ltda., Golder Associates Brasil Consultoria Projetos Ltda., YKS Servicos Ltda., M2 Environmental and Consulting Services Ltd., Lawrence Consulting Ltd. and John A. Wells Metallurgical Consultant; or (c) to the Corporation;
- (ii) the ratification of the Licença Instalação by URC LI COPAM/North; and

(iii) the delivery of the Release Certificate to the Subscription Receipt Agent.

"Release Date" with respect to any Subscription Receipt means the date of the conversion of the Subscription Receipts pursuant to Section 4.1;

"Release Deadline" means 5:00 p.m. (Toronto time) on December 21, 2011;

"Release Event" means the satisfaction or waiver of each of the Release Conditions prior to the Release Deadline;

"Rights Offering" has the meaning ascribed thereto in Section 5.2(2);

"Securities Commissions" means the securities commissions or similar regulatory authorities in the Qualifying Provinces;

"Securities Laws" means, collectively, the applicable securities laws in each of the Qualifying Provinces, the securities laws of the United States and the states thereof, and the respective regulations, rules, rulings and orders and the applicable policy statements issued by the Securities Commissions and the United States Securities and Exchange Commission and all other applicable regulatory authorities, including the rules of the TSX;

"Securities Reorganization" has the meaning ascribed thereto in Section 5.2(1);

"shareholder" means an owner of record of one or more Common Shares;

"Shortfall Amount" has the meaning ascribed thereto in Section 7.4 hereof;

"Special Distribution" has the meaning ascribed thereto in Section 5.2(3);

"Subscription Receipt Agent" means Equity Financial Trust Company, in its capacity hereunder and any lawful successors or permitted assigns hereto appointed hereunder from time to time;

"Subscription Receipt Certificates" means the certificates representing the Subscription Receipts substantially in the form attached as Schedule "A" hereto, or such other physically deliverable form as may be approved under Section 2.1, evidencing Subscription Receipts, with such appropriate insertions, deletions, substitutions and variations as may be required or permitted by the terms of this Agreement or as may be required to comply with any law or the rules of any securities exchange or as may be not inconsistent with the terms of this Agreement and as the Corporation may deem necessary or desirable;

"Subscription Receiptholder's Default Funds" has the meaning ascribed thereto in Section 7.4;

"Subscription Receiptholders' Request" means an instrument, signed in one or more counterparts by Subscription Receiptholders representing, in the aggregate, not less than 20% of the aggregate number of all Subscription Receipts then outstanding, requesting the Subscription Receipt Agent to take some action or proceeding specified therein;

"Subscription Receiptholders" means the holders of Subscription Receipts for the time being entered in the register maintained by the Subscription Receipt Agent;

“Subscription Receipts” means the Subscription Receipts authorized to be created by the Corporation under Section 2.1 and issued and certified under this Agreement;

“subsidiary of the Corporation” means a corporation or other entity, a majority of the outstanding voting shares or voting rights of which are owned, directly or indirectly, by the Corporation or by one or more subsidiaries of the Corporation and, as used in this definition, “voting shares” or “voting rights” means shares or other securities of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation, or trustees of trust etc. and irrespective of whether or not securities of any other class or classes shall have or might have the right to vote for directors or trustees etc. by reason of the happening of any contingency;

“this Subscription Receipt Agreement”, “this Agreement”, “herein”, “hereby” and similar expressions mean or refer to this Subscription Receipt Agreement and any agreement, deed or instrument supplemental or ancillary hereto; and the expressions **“Article”, “section”** or **“subsection”** followed by a number or letter mean and refer to the specified Article, section or subsection of this Agreement;

“Transfer Agent” means the transfer agent or agents for the time being of the Common Shares;

“TSX” means the Toronto Stock Exchange;

“Underwriters” means Cormark, Macquarie Capital Markets Canada Ltd., Canaccord Genuity Corp., Haywood Securities Inc., Jennings Capital Inc. and Stonecap Securities Inc.;

“Underwriting Agreement” means the underwriting agreement dated as of October 19, 2011 among Carpathian and the Underwriters, relating to the issue and sale of the Subscription Receipts;

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

“U.S. Purchaser” means any purchaser of Subscription Receipts that was offered or acquired Subscription Receipts in the United States or for the account or benefit of any person in the United States;

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

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

1.2 **Words Importing the Singular**

Words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 **Interpretation not Affected by Headings**

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

1.4 **Day not a Business Day**

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

1.5 **Time of the Essence**

Time shall be of the essence in all respects in this Agreement and the Subscription Receipt Certificates.

1.6 **Governing Law**

This Agreement and the Subscription Receipt Certificates shall be construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Any and all disputes arising under this Agreement whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the Province of Ontario and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of such jurisdiction.

1.7 **Meaning of “outstanding” for Certain Purposes**

Every Subscription Receipt Certificate countersigned and delivered by the Subscription Receipt Agent hereunder shall be deemed to be outstanding until the earlier of the Conversion Date or the Release Deadline, provided however that:

- (a) where a Subscription Receipt Certificate has been issued in substitution for a Subscription Receipt Certificate that has been lost, stolen or destroyed, only the Subscription Receipt Certificate so issued in substitution shall be counted for the purpose of determining the Subscription Receipts outstanding; and
- (b) for the purpose of any provision of this Agreement entitling holders of outstanding Subscription Receipts to vote, sign consents, requests or other instruments or take any other action under this Agreement, Subscription Receipts owned legally or equitably by the Corporation or any subsidiary of the Corporation shall be disregarded, except that:
 - (i) for the purpose of determining whether the Subscription Receipt Agent shall be protected in relying on any vote, consent, request or other instrument or other action, only the Subscription Receipts of which the Subscription Receipt Agent has notice that they are so owned shall be disregarded; and

- (ii) Subscription Receipts so owned that have been pledged in good faith other than to the Corporation or any subsidiary of the Corporation shall not be so disregarded if the pledgee establishes to the satisfaction of the Subscription Receipt Agent, by providing the Subscription Receipt Agent with a legal opinion of Counsel, the pledgee's right to vote the Subscription Receipts in the pledgee's discretion free from the control of the Corporation or any subsidiary of the Corporation pursuant to the terms of the pledge.

1.8 **Currency**

Unless otherwise stated, all dollar amounts referred to in this Agreement are in Canadian dollars and all payments required to be made hereunder shall be made in Canadian dollars.

ARTICLE 2

ISSUE OF SUBSCRIPTION RECEIPTS

2.1 **Issue of Subscription Receipts**

- (1) The creation by the Corporation of a total of up to 115,000,000 Subscription Receipts, subject to adjustment in accordance with the provisions of this Agreement, and the issuance of such securities at the Purchase Price is hereby authorized.
- (2) All Subscription Receipts issued to U.S. Purchasers shall be evidenced by Subscription Receipt Certificates executed by the Corporation. All other Subscription Receipts shall be evidenced by a Subscription Receipt Certificate registered in the name of CDS, or its nominee. All such Subscription Receipts Certificates bearing the appropriate legend, as applicable, shall be substantially in the form of the certificate attached hereto as Schedule "A".

2.2 **Terms of Subscription Receipts**

- (1) Subject to the provisions of Article 4 and Article 5, the Subscription Receipts entitle the respective holders thereof: (i) if the Release Conditions are not satisfied prior to the Release Deadline, to receive an amount equal to such holder's Subscription Receiptholder's Default Funds, all in the manner and on the terms and conditions set out in this Agreement, and the Subscription Receipts shall be deemed cancelled; and (ii) if the Release Conditions are satisfied at or prior to the Release Deadline, each of the Subscription Receipts issued under Section 2.1 shall entitle the holder thereof to receive from the Corporation, without payment of additional consideration, one Common Share, subject to adjustment pursuant to Article 5 hereof.
- (2) No fractional Subscription Receipts or Common Shares shall be issued or otherwise provided for.

2.3 **Issue in Substitution for Lost Subscription Receipts**

- (1) In case any Subscription Receipt Certificate issued and certified pursuant to this Agreement shall become mutilated or be lost, destroyed or stolen, the Corporation, subject to applicable law and to Section 2.3(2), shall issue and thereupon the Subscription Receipt Agent shall certify and deliver a new Subscription Receipt Certificate of like date and tenor as the one mutilated, lost, destroyed or stolen upon surrender of, in place of and upon cancellation of the mutilated Subscription Receipt Certificate or in lieu of and in substitution for the lost, destroyed or stolen Subscription Receipt Certificate and the substituted the Subscription Receipt Certificate shall be in a form approved by the Subscription Receipt Agent and Subscription Receipts evidenced by it will entitle the holder to the benefit hereof and will rank equally in accordance with its terms with all other Subscription Receipts issued or to be issued hereunder.
- (2) The applicant for the issue of a new Subscription Receipt Certificate pursuant to this section shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Subscription Receipt Agent such evidence of ownership and of the loss, destruction or theft of the Subscription Receipt Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Subscription Receipt Agent in their discretion and the applicant may also be required to furnish an indemnity and surety bond in an amount and form satisfactory to the Corporation and the Subscription Receipt Agent in their discretion and shall pay the reasonable charges of the Corporation and the Subscription Receipt Agent in connection therewith.

2.4 **Subscription Receiptholder not a Shareholder**

Nothing in this Agreement or in the holding of a Subscription Receipt evidenced by a Subscription Receipt Certificate or otherwise, shall confer or be construed as conferring upon a Subscription Receiptholder any right or interest whatsoever as a shareholder or as any other security holder of the Corporation, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Corporation or the right to receive dividends or other distributions to shareholders of the Corporation.

2.5 **Subscription Receipts to Rank *Pari Passu***

A Subscription Receipt shall rank *pari passu* with all other Subscription Receipts, whatever may be the actual date of issue of the Subscription Receipt Certificates that evidence them.

2.6 **Signing of Subscription Receipt Certificates**

The Subscription Receipt Certificates shall be signed by any one director or officer of the Corporation. The signature of any such director or officer may be mechanically reproduced in facsimile, engraved, printed, electronically or lithographed and Subscription Receipt Certificates bearing those facsimile signatures shall be binding upon the Corporation as if they had been manually signed by the director or officer. Notwithstanding that the person whose manual, electronic or facsimile signature appears on any Subscription Receipt Certificate as a director or officer may no longer hold office at the date of the Subscription Receipt Certificate or at the date of certification or delivery thereof, any Subscription Receipt Certificate signed as aforesaid shall,

subject to Section 2.7, be valid and binding upon the Corporation and the registered holder thereof will be entitled to the benefits of this Agreement or the Subscription Receipt Certificate.

2.7 Certification by the Subscription Receipt Agent

- (1) No Subscription Receipt Certificate shall be issued or, if issued, shall be valid for any purpose, exercisable or entitle the holder to the benefit hereof until it has been certified by manual signature by the Subscription Receipt Agent in accordance with a written order of the Corporation. Subscription Receipt Certificates shall be substantially in the form attached hereto as Schedule "A" or in such other form as may be approved by the Corporation and the Subscription Receipt Agent. The certification by the Subscription Receipt Agent upon any Subscription Receipt Certificate shall be conclusive evidence as against the Corporation that the Subscription Receipt Certificate so certified has been duly issued hereunder and that the holder is entitled to the benefit hereof.
- (2) The certification of the Subscription Receipt Agent on Subscription Receipt Certificates issued hereunder shall not be construed as a representation or warranty by the Subscription Receipt Agent as to the validity of this Agreement or of the Subscription Receipt Certificates (except the due certification thereof) and the Subscription Receipt Agent shall in no respect be liable or answerable for the use made of the Subscription Receipts or any of them or of the consideration therefor, except as otherwise specified herein.

2.8 Persons in the United States

The Subscription Receipts shall only be offered and sold to U.S. Purchasers in compliance with the Underwriting Agreement (including Schedule "B" thereto). Each Subscription Receipt Certificate originally issued to any U.S. Purchaser (as specified by the Corporation to the Subscription Receipt Agent), as well as all certificates representing Common Shares issued in exchange for or in substitution of any such Subscription Receipt Certificate, shall bear the following additional legend:

"THE SECURITIES REPRESENTED HEREBY [NOTE: INSERT THE FOLLOWING LANGUAGE FOR SUBSCRIPTION RECEIPTS ONLY] [AND THE SECURITIES DELIVERABLE IN EXCHANGE THEREFOR] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF CARPATHIAN GOLD INC. (THE "CORPORATION") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF

TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO EQUITY FINANCIAL TRUST COMPANY (OR SUCCESSOR THERETO). EACH PURCHASER OF THESE SECURITIES IS HEREBY NOTIFIED THAT THE SELLER OF THESE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THESE SECURITIES MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES. IF THE CORPORATION IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF TRANSFER, A NEW CERTIFICATE, BEARING NO LEGEND, MAY BE OBTAINED FROM EQUITY FINANCIAL TRUST COMPANY (OR SUCCESSOR THERETO) UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO EQUITY FINANCIAL TRUST COMPANY (OR SUCCESSOR THERETO) AND THE CORPORATION AND, IF SO REQUIRED BY EQUITY FINANCIAL TRUST COMPANY (OR SUCCESSOR THERETO), AN OPINION OF COUNSEL, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT";

provided that, if any Subscription Receipts or Common Shares issuable upon the conversion of the Subscription Receipts are being sold in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the legend may be removed by providing to Equity Financial Trust Company (or successor thereto) (i) a declaration in the form attached to the U.S. Placement Memorandum as Exhibit A (or as the Corporation may prescribe from time to time) and (ii) if required by Equity Financial Trust Company (or successor thereto), an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the U.S. Securities Act;

and provided, further, that, if any of the Subscription Receipts or Common Shares issuable upon the conversion of the Subscription Receipts are being sold under Rule 144, the legend may be removed by delivering to Equity Financial Trust Company (or successor thereto) an opinion of counsel of recognized standing reasonably satisfactory to the Corporation that the legend is no longer required under applicable requirements of the U.S. Securities Act and applicable state securities laws.

ARTICLE 3

TRANSFER AND OWNERSHIP OF SUBSCRIPTION RECEIPTS

3.1 Registration and Transfer of Subscription Receipts

- (1) The Corporation hereby appoints the Subscription Receipt Agent as registrar of the Subscription Receipts. The Corporation may hereafter, with the consent of the Subscription Receipt Agent, appoint one or more other additional registrars of the Subscription Receipts.

- (2) The Corporation shall cause to be kept by the Subscription Receipt Agent and the Subscription Receipt Agent agrees to maintain at its principal stock transfer offices in the City of Toronto, Ontario:
 - (a) a register of holders in which shall be entered the names and addresses of the holders of Subscription Receipts and particulars of the Subscription Receipts held by them and, subject to Section 4.2, the Subscription Receipt Agent shall be entitled to rely on such register in connection with the automatic exercise of any Subscription Receipt pursuant to the terms of this Agreement; and
 - (b) a register of transfers in which all transfers of Subscription Receipts and the date and other particulars of each transfer shall be entered.
- (3) No transfer of any Subscription Receipt will be valid unless entered on the register of transfers referred to in Section 3.1(2) hereof, or on any branch register, upon surrender to the Subscription Receipt Agent of the Subscription Receipt Certificate representing such Subscription Receipt, with a properly completed transfer form in substantially the form attached to the Subscription Receipt Certificate executed by the registered holder or the executors, administrators or other legal representatives thereof or the attorney thereof duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Subscription Receipt Agent, and, upon compliance with such requirements and such other reasonable requirements as the Subscription Receipt Agent may prescribe, such transfer will be duly noted on one of such registers of transfers by the Subscription Receipt Agent.
- (4) The transferee of any Subscription Receipt will, after surrender to the Subscription Receipt Agent of the Subscription Receipt Certificate representing such Subscription Receipt as required by Section 3.1(3) hereof and upon compliance with all other conditions in respect thereof required by this Agreement or by law, be entitled to be entered on the register of holders referred to in Section 3.1(2) hereof, or on any branch register of holders, as the owner of such Subscription Receipt free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Subscription Receipt, except in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.
- (5) The Corporation shall be entitled, and may direct the Subscription Receipt Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Subscription Receipt on the registers referred to in Section 3.1(2) hereof or on any branch register if such transfer would constitute a violation of the laws of any jurisdiction or the instruments, rules, regulations or policies of any regulatory authority (including the TSX) having jurisdiction.
- (6) Subject to applicable law, neither the Corporation nor the Subscription Receipt Agent will be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Subscription Receipt, and the Corporation or the Subscription Receipt Agent may transfer any Subscription Receipt on the direction of

the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

- (7) The registers referred to in Section 3.1(2) hereof, and any branch register, will at all reasonable times be open for inspection by the Corporation and any Subscription Receiptholder upon receipt by the Subscription Receipt Agent of a written request to permit such inspection during normal business hours. The Subscription Receipt Agent will from time to time when requested to do so in writing by the Corporation or any Subscription Receiptholder (upon payment of the reasonable charges of the Subscription Receipt Agent) furnish the Corporation or such Subscription Receiptholder with a list of the names and addresses of holders of Subscription Receipts entered on such registers and showing the number of Subscription Receipts held by each such holder.
- (8) The Corporation may at any time and from time to time change the place at which the registers referred to in Section 3.1(2) hereof are kept, cause branch registers of holders or transfers to be kept, in each case subject to the approval of the Subscription Receipt Agent, at other places and close such branch registers or change the place at which such branch registers are kept. Notice of all such changes or closures shall be given by the Corporation to the Subscription Receipt Agent and to the holders of Subscription Receipts in accordance with Section 13.02 hereof.
- (9) If the Subscription Receipt Certificate surrendered pursuant to Section 3.1(3) hereof bears the legend set forth in Section 2.8 hereof and:
 - (a) the holder thereof is selling Subscription Receipts represented thereby outside the United States in compliance with the requirements of Rule 904 of Regulation S and in compliance with Canadian local laws and regulations, and provided that the Corporation is a “foreign issuer” within the meaning of Regulation S at the time of sale, the Subscription Receipt Agent shall not register such transfer unless the holder thereof delivers to the Subscription Receipt Agent a declaration substantially in the form set out in Appendix “A” hereto (and the Corporation hereby covenants and agrees to use the best efforts thereof to cause the registrar and transfer agent for the Subscription Receipts to deliver certificates representing Subscription Receipts bearing no such legend within three Business Days of the date of delivery of such a declaration); or
 - (b) the holder thereof is selling Subscription Receipts represented thereby in compliance with the requirements of Rule 144 under the U.S. Securities Act, the legend set forth in Section 2.8 hereof may be removed by delivery to the Subscription Receipt Agent and the Company of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

3.2 Exchange of Subscription Receipts

Subject to Section 3.3:

- (1) With the consent of the Corporation, one or more Subscription Receipt Certificates may, upon compliance with the requirements of the Subscription Receipt Agent, acting reasonably, be exchanged for one or more Subscription Receipt Certificates of different denomination(s) evidencing in the aggregate an equal number of Subscription Receipts as the number of Subscription Receipts represented by the Subscription Receipt Certificates being exchanged provided such Subscription Receipt Certificates bear the appropriate legend and any such exchange is duly noted in the register by the Subscription Receipt Agent.
- (2) Subscription Receipt Certificates may be exchanged only at the principal transfer office of the Subscription Receipt Agent in the City of Toronto, Ontario or at any other place that is designated by the Corporation in writing with the approval of the Subscription Receipt Agent. Any Subscription Receipt Certificates tendered for exchange shall be surrendered to the Subscription Receipt Agent or to its agent and cancelled. The Corporation shall sign all Subscription Receipt Certificates necessary to carry out exchanges as aforesaid and those Subscription Receipt Certificates shall be certified by or on behalf of the Subscription Receipt Agent.
- (3) Any Subscription Receipt Certificates tendered for exchange shall be cancelled by the Subscription Receipt Agent.
- (4) Except as otherwise herein provided, a reasonable charge may be levied by the Subscription Receipt Agent in respect of the exchange of any Subscription Receipt Certificate or the issue of a new Subscription Receipt Certificate(s) pursuant hereto provided that the reimbursement of the Subscription Receipt Agent or the Corporation for any and all transfer, stamp or similar taxes or other governmental charges required to be paid shall be made by the holder requesting such exchange as a condition precedent to such exchange.

3.3 **Book Entry-Only System**

- (1) Unless the Subscription Receipts are removed from the Book-Entry Only System in accordance with Section 3.3(5), other than with respect to U.S. Purchasers, registration of beneficial interests in and transfers of Subscription Receipts held by CDS shall be made through the Book Entry-Only System, and no Subscription Receipt Certificates shall be issued in respect of such Subscription Receipts except if required pursuant to Section 3.3(2). Subscription Receipts in the Book Entry-Only System shall be evidenced by a Subscription Receipt Certificate registered in the name of CDS.

- (2) Unless the Subscription Receipts are removed from the Book Entry-Only System in accordance with Section 3.3(5), or unless Subscription Receipt Certificates are required to be issued to owners of beneficial interests by applicable law, owners of the beneficial interests in the Subscription Receipts, other than those issued to U.S. Purchasers, shall not be entitled to have Subscription Receipts registered in their names, shall not receive or be entitled to receive Subscription Receipt Certificates in definitive form and shall not be considered registered owners or registered holders thereof under this Agreement or any supplemental agreement except in circumstances where CDS resigns or is removed by the Corporation from its responsibility and the Subscription Receipt Agent is unable or does not wish to locate a qualified successor. Beneficial interests in the Subscription Receipts will be represented only through the Book Entry-Only System. The Corporation or the Subscription Receipt Agent shall not have any responsibility or liability for any aspects of the records relating to or payments made by CDS, or its nominee, on account of the beneficial interests in the Subscription Receipts. Nothing herein shall prevent the owners of beneficial interests in the Subscription Receipts from voting such Subscription Receipts using duly executed voting instructions forms or proxies, as the case may be.
- (3) All references herein to actions by, notices given or payments made to Subscription Receiptholders shall, where Subscription Receipts are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the CDS participants in accordance with its rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or at the direction of Subscription Receiptholders evidencing a specified percentage of the aggregate Subscription Receipts outstanding, such direction or consent may be given by holders of Subscription Receipts acting through CDS and the CDS participants owning Subscription Receipts evidencing the requisite percentage of the Subscription Receipts. The rights of a Subscription Receiptholder whose Subscription Receipts are held through CDS shall be exercised only through CDS and the CDS participants and shall be limited to those established by law and agreements between such holders and CDS and the CDS participants upon instructions from the CDS participants. Each of the Subscription Receipt Agent and the Corporation may deal with CDS for all purposes (including the making of payments) as the authorized representative of the respective Subscription Receiptholders and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.
- (4) For so long as Subscription Receipts are held through CDS, if any notice or other communication is required to be given to Subscription Receiptholders, the Subscription Receipt Agent will give such notices and communications to CDS.
- (5) If CDS resigns or is removed from its responsibility as depository and the Corporation is unable or does not wish to locate a qualified successor, the Corporation and the Subscription Receipt Agent shall take all necessary actions to issue Subscription Receipt Certificates in exchange for the Subscription Receipt Certificate registered in the name of CDS. All such Subscription Receipt Certificates issued and exchanged pursuant to this Section 3.3(5) shall be registered in such names and in such denominations as CDS or the Corporation shall instruct the Subscription Receipt Agent, provided that the aggregate number of such Subscription Receipts shall be equal to the aggregate number of Subscription Receipts represented by the Subscription Receipt Certificate registered

in the name of CDS so exchanged, and the Subscription Receipt Certificate registered in the name of CDS so exchanged shall be cancelled by the Subscription Receipt Agent.

ARTICLE 4

CONVERSION OF SUBSCRIPTION RECEIPTS

4.1 Conversion of Subscription Receipts

(1) Conversion by Subscription Receipt Agent.

Upon the occurrence of:

- (i) the Release Conditions on or before the Release Deadline and the delivery by the Corporation of the Confirmation Certificate to Cormark, on behalf of the Underwriters, upon satisfaction of the Release Conditions, other than the delivery of the Release Certificate; or
- (ii) the waiver of the Release Conditions on or before the Release Deadline by the holders of Subscription Receipts by extraordinary resolution in accordance with Section 9.11(b), and delivery to the Subscription Receipt Agent of evidence of the passing of such extraordinary resolution,

all Subscription Receipts outstanding at the Release Date will be converted by the Subscription Receipt Agent for and on behalf of the holder thereof and the holder thereof shall, without any action on the part of the holder thereof (including the surrender of any Subscription Receipt Certificate), be deemed to have subscribed for the Common Shares issuable upon the conversion of the Subscription Receipt at the Release Date. Cormark, on behalf of the Underwriters, and the Corporation shall, no later than two Business Days after the occurrence of the events described in the Release Certificate in the case of (i), or the passing of an extraordinary resolution in the case of (ii), deliver the Release Certificate or the evidence of the passing of an extraordinary resolution, as applicable, to the Subscription Receipt Agent and will cause the Subscription Receipt Agent to give notice to the holders of the Subscription Receipts no later than one Business Day after receipt of such Release Certificate or the evidence of the passing of an extraordinary resolution, as applicable, from the Corporation and Cormark.

- (2) Rights on Conversion by Subscription Receipt Agent. The holder of any Subscription Receipt converted pursuant to Section 4.1(1) hereof shall have no rights thereunder except to receive the certificates representing the Common Shares issued upon the conversion thereof to such holder.
- (3) Direction of Subscription Receipt Agent. The holders of Subscription Receipts hereby irrevocably authorize and direct the Subscription Receipt Agent to convert the Subscription Receipts thereof pursuant to Section 4.1(1) hereof.

- (4) Upon the issuance of the Common Shares pursuant to the Subscription Receipts, the Corporation shall update, or shall cause to be updated, the common share register of the Corporation, forthwith on the Release Date. The Subscription Receipt Agent shall provide written notice to CDS of the automatic conversion of the Subscription Receipts forthwith on the Release Date.
- (5) The Corporation hereby irrevocably authorizes and directs the Subscription Receipt Agent to take all required action to effect the automatic conversion of the Subscription Receipts pursuant to this section.
- (6) Effective immediately after the Common Shares have been issued as contemplated in this section, the Subscription Receipts relating thereto shall be void and of no value or effect.
- (7) If the Release Event does not occur prior to the Release Deadline, the Corporation shall notify the Subscription Receipt Agent and issue a press release. The Subscription Receiptholder shall be entitled to receive an amount equal to such holder's Subscription Receiptholder's Default Funds, all in the manner and on the terms and conditions set out in this Agreement and the Subscription Receipts shall be deemed cancelled. Each Subscription Receiptholder's Default Funds shall be paid to such holder prior to the Default Deadline. In the event that the Escrowed Funds are not sufficient to fund the payment to each Subscription Receiptholder of the aggregate Purchase Price originally paid for such Subscription Receipts, the Corporation shall fund any Shortfall Amount. The Corporation shall cause the Subscription Receipts to be delisted from the TSX.

4.2 **Effect of Conversion**

- (1) Upon the automatic conversion of the Subscription Receipts in accordance with Section 3 hereof, the Common Shares issuable in respect thereof will be deemed to have been issued by the Corporation, and the person or persons to whom such Common Shares are to be issued will be deemed to have become the holder or holders of record thereof on the Release Date, unless the registers for the Common Shares are closed on that date, in which case such Common Shares will be deemed to have been issued and such person or persons will be deemed to have become the holder or holders of record thereof on the date on which such registers are reopened, but such Common Shares will be issued on the basis of the number of Common Shares to which such person or persons were entitled on the Release Date.
- (2) The Corporation shall take all necessary actions to cause CDS to, upon notice from the Subscription Receipt Agent, cause the position in Subscription Receipts represented by the Subscription Receipt Certificate registered in the name of CDS to be converted into a position in Common Shares and issue and mail certificates to U.S. Purchasers bearing the legend set out in Section 2.8.
- (3) If, in the opinion of Counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities administrator, regulatory agency or governmental authority in Canada or any other step is required under any federal or provincial law of Canada or any federal or state law of the United States or under the laws of any other jurisdiction before the Common Shares issuable

upon conversion of the Subscription Receipts may be issued or delivered to a Subscription Receiptholder, the Corporation covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances. Notwithstanding the foregoing and any other provision of this Agreement, nothing herein shall be construed to require the Corporation to file a registration statement under the U.S. Securities Act or any state filings to register any of the Subscription Receipts or Common Shares.

- (4) U.S. Legends. If the Subscription Receipt Certificate representing the Subscription Receipts converted in accordance with this Article 4 bears the legend set forth in Section 2.8 hereof, then any certificate representing Common Shares issued upon the conversion thereof shall also bear the legend set forth in Section 2.8 hereof.

4.3 **No Fractional Shares**

Under no circumstances shall the Corporation be obliged to issue any fractional Common Shares or make any payment of cash or other consideration in lieu thereof upon the exercise of one or more Subscription Receipts. To the extent that the holder of one or more Subscription Receipts would otherwise have been entitled to receive on the automatic exercise thereof a fraction of a Common Share, such fraction shall be rounded down to the nearest whole number.

4.4 **TSX Requirements**

- (1) The Corporation confirms that the Subscription Receipts will be listed for trading on the TSX.
- (2) Notwithstanding any provision in this Indenture, in order to comply with the policies of the TSX, the Corporation agrees to the following:
 - (i) when the Corporation reasonably expects the Release Conditions to be satisfied, the Corporation will without delay provide the TSX with written notice to that effect specifying the expected date that the Release Conditions will be satisfied; and
 - (ii) in the event that the Release Event does not occur on or before the Release Deadline, the Company will, on the Release Deadline, give notice to the TSX and holders of the Subscription Receipts on such Release Deadline that the holders will be paid the amounts set forth in Section 7.4 of this Indenture on the third Business Day following the Release Deadline.
- (3) The Corporation will request that the TSX halt the trading of the Subscription Receipts on the date the Release Conditions are satisfied.

ARTICLE 5

ADJUSTMENTS

5.1 Definitions

In this Article, the terms “**record date**” and “**effective date**” where used herein shall mean the close of business on the relevant date.

5.2 Adjustment of Exchange Number

The Exchange Number (or the number and kind of securities to be received upon exercise in the case of Sections 5.2(4) and (5) below) shall be subject to adjustment from time to time in the events and in the manner provided in Section 5.3, and as follows:

- (1) If prior to the Conversion Date the Corporation shall:
 - (a) issue to all or substantially all the holders of the Common Shares, by way of a share distribution, share dividend or otherwise, Common Shares or Convertible Securities; or
 - (b) subdivide its outstanding Common Shares into a greater number of Common Shares; or
 - (c) combine or consolidate its outstanding Common Shares into a smaller number of Common Shares,

(any of these events being herein called a “**Securities Reorganization**”),

the Exchange Number shall be adjusted effective immediately in respect of the Common Shares after the record date at which the holders of Common Shares are determined for the purposes of the Securities Reorganization to a number that is the product of (1) the Exchange Number in effect on the record date and (2) a fraction:

- (i) the numerator of which shall be the number of Common Shares outstanding after giving effect to the Securities Reorganization; and
- (ii) the denominator of which shall be the number of Common Shares outstanding on the record date before giving effect to the Securities Reorganization.

For the purposes of determining the number of Common Shares outstanding at any particular time for the purpose of this Section 5.2(1), there shall be included that number of Common Shares which would have resulted from the conversion at that time of all outstanding Convertible Securities.

- (2) If prior to the Conversion Date the Corporation shall issue rights, options or warrants to all or substantially all the holders of the Common Shares pursuant to which those holders are entitled to subscribe for, purchase or otherwise acquire Common Shares or

Convertible Securities within a period of 45 days from the date of issue thereof at a price, or at a conversion price, of less than 95% of the Current Market Price at the record date for such distribution (any such issuance being herein called a “**Rights Offering**” and Common Shares that may be acquired in exercise of the Rights Offering or upon conversion of the Convertible Securities offered by the Rights Offering being herein called the “**Offered Securities**”), the Exchange Number shall be adjusted effective immediately after the record date at which holders of Common Shares are determined for the purposes of the Rights Offering to an Exchange Number that is the product of (1) the Exchange Number in effect on the record date and (2) a fraction:

- (a) the numerator of which shall be the sum of (i) the number of Common Shares outstanding on the record date plus (ii) the number of Offered Securities offered pursuant to the Rights Offering or the maximum number of Offered Securities into which the Convertible Securities so offered pursuant to the Rights Offering may be converted, as the case may be; and
- (b) the denominator of which shall be the sum of:
 - (i) the number of Common Shares outstanding on the record date for the Rights Offering; and
 - (ii) the number arrived at when (A) either the product of (1) the number of Offered Securities so offered and (2) the price at which those Common Shares are offered, or the product of (3) the conversion price thereof and (4) the maximum number of Offered Securities for or into which the Convertible Securities so offered pursuant to the Rights Offering may be converted, as the case may be, is divided by (B) the Current Market Price on the record date.

Any Offered Securities owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any computation. If all the rights, options or warrants are not so issued or if all rights, options or warrants are not exercised prior to the expiration thereof, the Exchange Number shall be readjusted to the Exchange Number in effect immediately prior to the record date and the Exchange Number shall be further adjusted based upon the number of Offered Securities (or Convertible Securities into Offered Securities) actually delivered upon the exercise of the rights, options or warrants, as the case may be, but subject to any other adjustment required hereunder by reason of any event arising after that record date.

- (3) If prior to the Conversion Date the Corporation shall issue or distribute to all or substantially all the holders of Common Shares (i) securities of any class other than Common Shares, or (ii) rights, options or warrants other than rights, options or warrants to acquire Common Shares exercisable within a period of 45 days after the record date for such issue or distribution at a price, or at a conversion price, less than 95% of the Current Market Price at the record date for such distribution, or (iii) evidences of indebtedness, or (iv) any other assets (excluding cash distributions that Subscription Receiptholders receive under Section 7.3) and that issuance or distribution does not constitute a Securities Reorganization or a Rights Offering (any of those events being

herein called a “**Special Distribution**”), the Exchange Number shall be adjusted effective immediately after the record date at which the holders of Common Shares are determined for purposes of the Special Distribution to an Exchange Number that is the product of (1) the Exchange Number in effect on the record date and (2) a fraction:

- (a) the numerator of which shall be the product of (i) the sum of the number of Common Shares outstanding on the record date and (ii) the Current Market Price thereof on that date; and
- (b) the denominator of which shall be:
 - (i) the product of (A) the sum of the number of Common Shares outstanding on the record date and (B) the Current Market Price thereof on that date;
less,
 - (ii) the aggregate fair market value, as determined by the directors, whose determination shall, absent manifest error, be conclusive, of the securities, rights, options, warrants, evidences of indebtedness or other assets issued or distributed in the Special Distribution.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. To the extent that the distribution of securities, rights, options, warrants, evidences of indebtedness or assets if not so made or to the extent that any rights, options or warrants so distributed are not exercised, the Exchange Number shall be readjusted to the Exchange Number that would then be in effect based upon the securities, rights, options, warrants, evidences of indebtedness or assets actually distributed or based upon the number of Common Shares or Convertible Securities actually delivered upon the exercise of the rights, options or warrants, as the case may be, but subject to any other adjustment required hereunder by reason of any event arising after the record date.

- (4) If prior to the Conversion Date there is a reorganization of the Corporation not otherwise provided for in Section 5.2(1), or a consolidation or merger or amalgamation of the Corporation with or into another entity including a transaction whereby all or substantially all of the Corporation’s undertaking and assets become the property of any other entity (any such event being herein called a “**Capital Reorganization**”) each holder of a Subscription Receipt shall be entitled to receive and shall accept, upon the exercise of the Subscription Receipts for Common Shares at any time after the effective date of the Capital Reorganization, in lieu of the number of Common Shares (and/or any other securities or properties to which holders are entitled upon exercise of the Subscription Receipts) to which he or she was theretofore entitled upon exercise of the Subscription Receipt, the aggregate number of Common Shares or other securities or property of the Corporation, or the continuing, successor or purchasing person, as the case may be, under the Capital Reorganization that the holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, he or she had been the holder of the number of Common Shares (and/or any other securities to which holders are entitled upon exercise of the Subscription Receipts) to which immediately before the transaction he, she or it was entitled upon exercise of the Subscription

Receipts. No Capital Reorganization shall be completed unless all necessary steps shall have been taken so that the holders of Subscription Receipts shall thereafter be entitled to receive the number of Common Shares or other securities or property of the Corporation or of the continuing, successor or purchasing person, as the case may be, under the Capital Reorganization, subject to adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in this section and in Section 5.3.

- (5) If the Corporation shall reclassify or otherwise change the outstanding Common Shares, the exercise right shall be adjusted effective immediately upon the reclassification becoming effective so that holders of Subscription Receipts exercised thereafter shall be entitled to receive securities as they would have received had the Subscription Receipts been exercised immediately prior to the effective date, subject to adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in this section and in Section 5.3.

5.3 Exercise Number Adjustment Rules

The following rules and procedures shall be applicable to adjustments provided for in Section 5.2:

- (1) The adjustments and readjustments provided for in this Article 5 are cumulative and, subject to Section 5.3, shall apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions and any other events that require adjustment of the Exchange Number or the number or kind of Common Shares or securities that can be acquired hereunder.
- (2) No adjustment in the number of Common Shares to be issued shall be required unless the adjustment would result in a change of at least 1% of the number of Common Shares to be issued, provided, however, that any adjustment that, except for the provisions of this subsection would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.
- (3) No adjustment in the Exchange Number shall be made in respect of any event described in paragraph 5.2.(1) or Sections 5.2(2) or 5.2(3) if the holders of the Subscription Receipts are entitled to participate in the event on the same terms, *mutatis mutandis*, as if their Subscription Receipts had been exercised immediately prior to the effective date or record date of the event.
- (4) No adjustment in the Exchange Number shall be made pursuant to Section 5.2 in respect of the issue of Common Shares pursuant to:
 - (a) this Agreement; or
 - (b) the issuance of Common Shares pursuant to the long term incentive plan of the Corporation or pursuant to the exercise of rights under currently outstanding contracts or agreements to acquire Common Shares, and any such issue shall be deemed not to be a Securities Reorganization, Rights Offering or Special Distribution.

- (5) If a dispute shall at any time arise with respect to adjustments of the Exchange Number, the dispute shall be conclusively determined by the Corporation's Auditors or, if they are unable or unwilling to act, by such firm of independent chartered accountants as may be selected by the directors and any such determination shall, absent manifest error, be binding upon the Corporation, the Subscription Receipt Agent, the Transfer Agent and all Subscription Receiptholders.
- (6) If the Corporation shall set a record date to determine the holders of Common Shares for the purpose of entitling them to receive any distribution or any subscription or purchase rights in accordance with Section 5.2 and shall, thereafter, legally abandon its plans to pay or deliver the distribution or subscription or purchase rights, then no adjustment in the Exchange Number shall be required by reason of the setting of the record date.
- (7) If and whenever at any time prior to the Conversion Date, the Corporation shall take any action affecting or relating to the Common Shares, other than any action described in this section, which in the opinion of the directors of the Corporation would prejudicially affect the rights of any holders of Subscription Receipts, the Exchange Number will be adjusted by the directors of the Corporation in such manner, if any, and at such time, as the directors of the Corporation, may in their sole discretion, subject to the approval of any stock exchange on which the Common Shares are listed and posted for trading, reasonably determine to be equitable in the circumstances to such holders.
- (8) As a condition precedent to the taking of any action which would require an adjustment in any of the rights under the Subscription Receipts, the Corporation will use its best efforts to take any action which, in the opinion of Counsel to the Corporation, may be necessary in order that the Corporation, or any successor to the Corporation or successor to the undertaking or assets of the Corporation will be obligated to and may validly and legally issue all the Common Shares which the holders of the Subscription Receipts would be entitled to receive thereafter and to exercise such Subscription Receipts in accordance with the provisions hereof.

5.4 **Postponement of Adjustment**

In any case where the application of Section 5.2 results in an increase of the Exchange Number taking effect immediately after the record date for or occurrence of a specific event, if any Subscription Receipts are exercised after that record date or occurrence and prior to completion of the event or of the period for which a calculation is required to be made, the Corporation may postpone the issuance to the holder of the Subscription Receipts of the Common Shares or other securities or property to which the holder is entitled by reason of the increase of the Exchange Number but the Common Shares or other securities or property shall be so issued and delivered to that holder upon completion of that event or period, with the number of those Common Shares calculated on the basis of the Exchange Number on the Conversion Date adjusted for completion of that event or period, and the Corporation shall forthwith after the Conversion Date deliver to the person or persons in whose name or names the Common Shares or other securities or property are to be issued appropriate instruments evidencing the person's or persons' right to receive the Common Shares or other securities or property.

5.5 Notice of Certain Events

- (1) Promptly upon the occurrence of the earlier of the effective date of or the record date for any event referred to in Sections 5.2 or 5.3 that requires an adjustment in the Exchange Number, the Corporation shall:
 - (a) file with the Subscription Receipt Agent a certificate of the Corporation specifying the particulars of the event and, if determinable, the adjustment and computation of the adjustment and the Subscription Receipt Agent may act and rely absolutely on the certificate of the Corporation; and
 - (b) give notice to Cormark, on behalf of the Underwriters, and the Subscription Receiptholders of the particulars of the event and, if determinable, the adjustment.
- (2) If notice has been given under Section 5.5(1) and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable:
 - (a) file with the Subscription Receipt Agent a computation of the adjustment; and
 - (b) give notice to Cormark, on behalf of the Underwriters, and the Subscription Receiptholders of the adjustment.

5.6 Protection of Subscription Receipt Agent

Subject to the provisions of Sections 11.2 and 11.3, the Subscription Receipt Agent:

- (a) shall not at any time be under any duty or responsibility to any Subscription Receiptholder to determine whether any facts exist which may require any adjustment to be made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or kind or amount) of any Common Share, or other securities or property which may at any time be issued or delivered upon the automatic exercise of the rights attaching to any Subscription Receipt;
- (c) shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the agents or servants of the Corporation; and
- (d) shall be entitled to act and rely on any adjustment calculation of the directors or the Corporation's Auditors.

ARTICLE 6

RIGHTS AND COVENANTS

6.1 General Covenants of the Corporation

The Corporation covenants with the Subscription Receipt Agent and Cormark, on behalf of the Underwriters, for the benefit of the Subscription Receipt Agent and Cormark, on behalf of the Underwriters, and the Subscription Receiptholders that so long as any Subscription Receipts remain outstanding and may be exercised for Common Shares:

- (1) The Corporation will at all times maintain its existence and will carry on and conduct its business in a prudent manner in accordance with industry standards and good business practice, will keep or cause to be kept proper books of account in accordance with applicable law.
- (2) The Corporation will ensure that a sufficient number of Common Shares are created, allotted and reserved for issuance upon the conversion of Subscription Receipts pursuant to Section 4.1(1) issued by the Corporation.
- (3) The Corporation will cause the Common Shares issuable pursuant to the conversion of the Subscription Receipts pursuant to Section 4.1(1) issued by the Corporation hereunder, in the manner herein provided, to be duly issued in accordance with the Subscription Receipts and the terms hereof.
- (4) The Common Shares shall be issued as fully paid and non-assessable shares of the Corporation.
- (5) The Corporation will use commercially reasonable efforts to maintain a listing of the Subscription Receipts on the TSX for the period they are outstanding and its Common Shares on the TSX for a period of two years from the Closing, provided this covenant shall not prevent the Corporation from completing any amalgamation or business combination (whether by way of a merger, plan of arrangement, consolidation, share or other security exchange transaction, recapitalization, asset acquisition or other transaction) involving any one or more of itself and any of its subsidiaries or affiliates and completed in accordance with applicable securities laws.
- (6) If in the opinion of Counsel, any instrument is required to be filed with, or any permission is required to be obtained from any governmental authority in Canada or any other step is required under any federal or provincial law of Canada before any Common Shares may properly and legally be issued upon due exercise of the Subscription Receipts, the Corporation shall promptly take such required action.
- (7) The Corporation will comply with the rights of rescission as set out in the Prospectus.
- (8) The Corporation will take all commercially reasonable actions to perform and carry out all the acts and things to be done by it as provided in this Agreement and upon becoming aware of the same, it will promptly advise the Subscription Receipt Agent and

Cormark, on behalf of the Underwriters, of any default by the Corporation of the terms of this Agreement.

6.2 Subscription Receipt Agent's Remuneration and Expenses

The Corporation covenants that it will pay to the Subscription Receipt Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Subscription Receipt Agent upon its request for all reasonable expenses and disbursements and applicable taxes of the Subscription Receipt Agent incurred in connection with the performance of its duties as the Escrow Agent, pursuant to such appointment in Section 11.11, and the Subscription Receipt Agent (including the reasonable compensation and the disbursements and applicable taxes of its counsel and all other advisors and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Subscription Receipt Agent hereunder shall be finally and fully performed, except any such expense, disbursement or tax arising out of or resulting from the Subscription Receipt Agent's gross negligence, fraud or wilful misconduct. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Subscription Receipt Agent against unpaid invoices and shall be payable upon demand. This section shall survive the resignation of the Subscription Receipt Agent and/or the termination of this Agreement.

6.3 Performance of Covenants by the Subscription Receipt Agent

Subject to Section 11.6, if the Corporation shall fail to perform any of its covenants contained in this Agreement, and the Subscription Receipt Agent is aware of such failure, the Subscription Receipt Agent may notify the Subscription Receiptholders of the failure on the part of the Corporation or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Subscription Receiptholders. All reasonable sums expended or advanced by the Subscription Receipt Agent in so doing shall be repayable as provided in Section 6.2. No such performance, expenditure or advance by the Subscription Receipt Agent shall be deemed to relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

ARTICLE 7 ESCROWED FUNDS

7.1 Initial Escrowed Funds and Distribution Amounts

At each Closing, as applicable, Cormark shall deposit the applicable Initial Escrowed Funds representing payment for the Subscription Receipts to be issued at each such Closing with the Subscription Receipt Agent on behalf of the Subscription Receiptholders, Cormark and the Corporation, by way of one or more certified cheques, bank drafts or by electronic wire transfer, and the Subscription Receipt Agent shall accept and hold the Initial Escrowed Funds in escrow for and on behalf of the persons who have an interest therein pursuant hereto, shall disburse and deal with the Escrowed Funds in the manner contemplated by this Agreement and at all times shall keep the Escrowed Funds in a segregated account, all on the terms and subject to the conditions hereof.

7.2 Qualified Investments

Upon receipt of a direction from the Corporation and Cormark, on behalf of the Underwriters, the Subscription Receipt Agent shall hold, invest and reinvest the Escrowed Funds in Qualified Investments in its name in accordance with such direction. Any direction from the Corporation to the Subscription Receipt Agent shall be in writing and shall be provided to the Subscription Receipt Agent no later than 9:00 a.m. (Toronto time) on the day on which the Qualified Investment is to be purchased. Any such direction received by the Subscription Receipt Agent after 9:00 a.m. (Toronto time) or received on a non-Business Day, shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next succeeding Business Day.

7.3 Release of Escrowed Funds Upon Receipt of Release Certificate

Upon receipt of a Release Certificate on or before the Release Deadline, the Subscription Receipt Agent shall forthwith liquidate the Escrowed Funds in accordance with this Article 7 and deliver: (i) an amount representing (A) the commission equal to 6.0% of the aggregate gross proceeds of the issue and sale of the Subscription Receipts payable to the Underwriters under the Underwriting Agreement and (B) the Underwriters' expenses determined in accordance with the Underwriting Agreement, to Cormark, on its own behalf and on behalf of the Underwriters in each case including interest earned thereon; and (ii) an amount representing the balance of the Escrowed Funds, to the Corporation (or as directed in writing by the Corporation), in each case, in accordance with the Release Certificate.

7.4 Release of Escrowed Funds on Default

In the event that the Release Event does not occur on or before the Release Deadline, the Corporation shall forthwith deliver the Default Certificate duly executed by both the Corporation and Cormark, on behalf of the Underwriters, to Subscription Receipt Agent. Within three (3) Business Days following the receipt of the Default Certificate by the Subscription Receipt Agent, the Subscription Receipt Agent shall (i) liquidate the Escrowed Funds in accordance with Article 7 of this Agreement; and (ii) deliver a cheque to each Subscription Receiptholder representing its *pro rata* share of the Escrowed Funds, plus a *pro rata* share of interest earned thereon, less all amounts required to be withheld by the Corporation by law, including without limitation, under the *Income Tax Act* (Canada). In the event that the Escrowed Funds are not sufficient to fund the payment to each Subscription Receiptholder of the aggregate Purchase Price originally paid for such Subscription Receipts, the Corporation shall fund any such shortfall (a "Shortfall Amount") by depositing such amount with the Subscription Receipt Agent by certified cheque, bank draft, money order or confirmed wire transfer to the Subscription Receipt Agent one (1) Business Day after delivery of the Default Certificate (such Shortfall Amount, together with the Subscription Receiptholder's Funds, the "**Subscription Receiptholder's Default Funds**"). The Subscription Receiptholders Default Funds shall be paid to the holders prior to the Default Deadline. Payment made in accordance with this Section 7.4 on Default shall be made in accordance with Section 7.7 hereof and the Subscription Receipt Agent shall mail such payment to such Subscription Receiptholders at their address last appearing on the register of the Subscription Receipts maintained by the Subscription Receipt Agent. All Subscription Receipt Certificates representing Subscription Receipts in respect of which the Subscription Receiptholder's Default Funds have been paid to the Subscription Receiptholders shall be deemed to have been cancelled on the Default Deadline and the Subscription Receipt Agent shall record the deemed

cancellation of such Subscription Receipt Certificates on the register of the Subscription Receipts. All Subscription Receipts represented by Subscription Receipt Certificates which have been deemed to have been cancelled pursuant to this Section 7.4 shall be without further force and effect whatsoever.

7.5 Direction

In order to permit the Subscription Receipt Agent to carry out its obligations under this Article 7, the Corporation hereby specifically authorizes and directs the Subscription Receipt Agent to make any stipulated payment or to take any stipulated action in accordance with the provisions of this Agreement.

7.6 Early Termination of any Investment of the Escrowed Funds

In making any payment pursuant to this Agreement, the Subscription Receipt Agent has the authority to liquidate any investments in order to make payments contemplated under this Article 7 and shall not be liable for any losses sustained in the escrow account for early termination of any investment of the Escrowed Funds necessary to enable the Subscription Receipt Agent to make such payment.

7.7 Method of Disbursement and Delivery

- (1) All disbursements of money made in accordance with the provisions of this Article 7 shall be made by cheque drawn upon a Canadian Schedule I chartered bank or by cheque drawn upon the account of the Subscription Receipt Agent made payable to or to the order of the persons entitled to disbursement and in the correct amount.
- (2) If the Subscription Receipt Agent delivers any such cheque as required under Section 7.7(1), the Subscription Receipt Agent shall have no further obligation or liability for the amount represented thereby, unless any such cheque is not paid on due presentation; provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Subscription Receipt Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and funding and indemnity reasonably satisfactory to it, shall issue to such payee a replacement cheque for the amount of such cheque.

7.8 Acknowledgements

- (1) The Subscription Receipt Agent hereby acknowledges receipt from Cormark on direction of the Corporation of one or more certified cheques or bank drafts or funds by electronic wire transfer in the aggregate amount of \$40,000,000 and confirms that such funds and any additional funds up to the aggregate amount of \$6,000,000 upon the exercise of the OAO will be deposited in a segregated account in the name of the Subscription Receipt Agent as Escrow Agent for the Corporation and, pending the occurrence of the delivery of the Release Certificate or Default Certificate, will be held in accordance with Section 7.2 hereof. Upon receipt of the Escrowed Funds, the Subscription Receipt Agent shall execute a separate written receipt evidencing the

Escrowed Funds received. The Escrowed Funds shall be held by the Subscription Receipt Agent in accordance with the terms and conditions of this Agreement.

- (2) The Corporation hereby:
 - (a) acknowledges that the amounts received by the Subscription Receipt Agent from Cormark in accordance with the Corporation's direction to Cormark pursuant to Section 7.8(1), represents payment in full of the Purchase Price for 100,000,000 Subscription Receipts and up to 15,000,000 Subscription Receipts issued upon the exercise of the OAO, as applicable; and
 - (b) irrevocably directs the Subscription Receipt Agent to retain such amounts in accordance with the terms of this Agreement pending payment of such amounts in accordance with the terms of this Agreement.

7.9 **Miscellaneous**

- (1) The Subscription Receipt Agent will disburse monies according to this Agreement only to the extent that monies have been deposited with it. The Subscription Receipt Agent is acting hereunder as Escrow Agent at the request of the Corporation and the Subscription Receiptholders and shall not be responsible as Escrow Agent except for its duties of receiving, holding and disbursing the Escrowed Funds and any amount payable pursuant to Section 7.3 pursuant to the terms and conditions of this Agreement.
- (2) In the event that the Subscription Receipt Agent shall hold any amount of interest or other distributable amount which is unclaimed or which cannot be paid for any reason, other than gross negligence, wilful misconduct or bad faith of the Subscription Receipt Agent, the Subscription Receipt Agent shall be under no obligation to invest or reinvest the same but shall only be obligated to hold the same on behalf of the person or persons entitled thereto in a current or other non-interest bearing account pending payment to the person or persons entitled thereto. The Subscription Receipt Agent shall, as and when required by law, and may at any time prior to such required time, pay all or part of such interest or other distributable amount so held to the appropriate official or agency, in the Province of Ontario whose receipt shall be good discharge and release of the Subscription Receipt Agent for such amounts.
- (3) The Subscription Receipt Agent shall be entitled to act and rely absolutely on the Release Certificate or Default Certificate and shall be entitled to release the Escrowed Funds upon the receipt of the Release Certificate or Default Certificate as provided for in this Agreement.
- (4) The Corporation hereby represents to the Subscription Receipt Agent that any account to be opened by, or interest to be held by, the Subscription Receipt Agent in connection with this Subscription Receipt Agreement for or to the credit of the Corporation, either:
 - (i) is not intended to be used by or on behalf of any third party; or
 - (ii) is intended to be used by or on behalf of a third party, in which case the Corporation agrees to complete and execute forthwith a declaration in the Subscription Receipt Agent's prescribed form as to the particulars of such third party.

- (5) The Corporation agrees that, for tax reporting purposes, the Escrowed Funds and all interest or other taxable income earned from the investment of the Escrowed Funds in any tax year shall be taxable, and the requisite tax reporting forms shall be issued, to the Corporation in the taxation year that it was earned, notwithstanding no such amount has been distributed.

ARTICLE 8

ENFORCEMENT

8.1 Suits by Subscription Receiptholders

Subject to Section 9.11, all or any of the rights conferred upon a Subscription Receiptholder by the terms of the Subscription Receipts held by such Subscription Receiptholder and/or this Agreement may be enforced by such Subscription Receiptholder by appropriate legal proceedings but without prejudice to the right that is hereby conferred upon the Subscription Receipt Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Subscription Receipts from time to time outstanding. The Subscription Receipt Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of Subscription Receiptholders.

8.2 Limitation of Liability

The obligations of the Corporation hereunder (including without limitation under Section 11.6(5)) are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Corporation or any of the past, present or future officers, employees or agents of the Corporation but only the property of the Corporation (or any successor person) shall be bound in respect hereof, provided that the Subscription Receiptholders are not, for greater certainty, waiving or releasing any right, cause of action or remedy under the Agency Agreement, the subscription agreements for the Subscription Receipts or any other agreement.

ARTICLE 9

MEETINGS OF SUBSCRIPTION RECEIPTHOLDERS

9.1 Right to Convene Meetings

The Subscription Receipt Agent may at any time and from time to time and shall on receipt of a written request of the Corporation or of a Subscription Receiptholders' Request and upon being funded and indemnified to its reasonable satisfaction by the Corporation or by the Subscription Receiptholders signing the Subscription Receiptholders' Request against the cost that may be incurred in connection with the calling and holding of the meeting, convene a meeting of the Subscription Receiptholders. In the event of the Subscription Receipt Agent failing within 15 days after receipt of the written request of the Corporation or Subscription Receiptholders' Request

and funding and indemnity given as aforesaid to give notice convening a meeting, the Corporation or the Subscription Receiptholders, as the case may be, may call and convene the meeting. Every meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Corporation.

9.2 **Notice**

At least 10 days' notice of any meeting shall be given to the Subscription Receiptholders in the manner provided for in Section 12.2 and a copy of the notice shall be sent by mail to the Subscription Receipt Agent (unless the meeting has been called by the Subscription Receipt Agent) and to the Corporation (unless the meeting has been called by the Corporation). Each notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for the notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 9. The notice convening any such meeting shall be signed by an appropriate officer of the Subscription Receipt Agent or the Corporation or by a representative of the Subscription Receiptholders, as the case may be.

9.3 **Chairman**

A person (who need not be a Subscription Receiptholder) nominated in writing by the Subscription Receipt Agent shall be chairman of the meeting and if no person is so nominated or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, the Subscription Receiptholders present in person or by proxy shall choose a person present to be chairman.

9.4 **Quorum**

Subject to the provisions of Section 9.12, at any meeting of the Subscription Receiptholders a quorum shall consist of Subscription Receiptholders present in person or by proxy and representing at least 20% of the aggregate number of the then outstanding Subscription Receipts, provided that at least two persons entitled to vote thereat are present in person or represented by proxy. If a quorum of the Subscription Receiptholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Subscription Receiptholders or on a Subscription Receiptholders' Request, shall be dissolved; but, subject to Section 9.12, in any other case the meeting shall stand adjourned to such day being not less than ten (10) days later and to such place and time as may be designated by the chairman of the meeting and at least five (5) days' notice shall be given of such adjourned meeting. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting, the Subscription Receiptholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not be representing at least 20% of the aggregate number of then outstanding Subscription Receipts.

9.5 **Power to Adjourn**

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

9.6 **Show of Hands**

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

9.7 **Poll**

On every extraordinary resolution and on any other question submitted to a meeting upon which a poll is directed by the chairman or requested by one or more of the Subscription Receiptholders acting in person or by proxy and representing at least 5% of the aggregate number of all the Subscription Receipts then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by an extraordinary resolution shall be decided by a majority of the votes cast on a poll.

9.8 **Voting**

On a show of hands, every person who is present and entitled to vote, whether as a Subscription Receiptholder or as proxy for one or more absent Subscription Receiptholders or both, shall have one vote. On a poll, each Subscription Receiptholder present in person or represented by proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Subscription Receipt then held by him. A proxy need not be a Subscription Receiptholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Subscription Receipts, if any, held or represented by him but shall not be entitled to a casting vote in the case of an equality of votes.

9.9 **Regulations**

The Subscription Receipt Agent, or the Corporation with the approval of the Subscription Receipt Agent, from time to time, may make or vary such regulations as they shall think fit:

- (a) for the deposit of instruments appointing proxies at such place and time as the Subscription Receipt Agent, the Corporation or the Subscription Receiptholders convening the meeting, as the case may be, may in the notice convening the meeting direct, which shall entitle the persons named therein to be present and vote at the meeting and at any adjournment thereof in the same manner and with the same effect as though the persons so named in the proxy were the actual holders of the Subscription Receipts specified therein;

- (b) for the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of the instruments appointing proxies to be sent by mail, facsimile or other means of prepaid, transmitted, recorded communication before the meeting to the Corporation or to the Subscription Receipt Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;
- (c) for the form of instrument appointing a proxy and the manner in which the form of proxy may be executed; and
- (d) generally for the calling of meetings of Subscription Receiptholders and the conduct of business thereat including setting a record date for Subscription Receiptholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as the regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Subscription Receipts, or as entitled to vote or, subject to Section 9.10, be present at the meeting in respect thereof, shall be persons who are the registered holders of Subscription Receipts, their counsel or their duly appointed proxies.

9.10 The Corporation, the Subscription Receipt Agent and Cormark may be Represented

The Corporation, the Subscription Receipt Agent and Cormark by their respective officers, employees, or directors, as applicable, and the counsel to the Corporation, the Subscription Receipt Agent and Cormark may attend any meeting of the Subscription Receiptholders, but shall have no votes as such.

9.11 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Agreement or by law, the Subscription Receiptholders at a meeting shall have the following powers exercisable from time to time by extraordinary resolution:

- (a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Subscription Receiptholders and/or the Subscription Receipt Agent in its capacity as subscription receipt agent hereunder (subject to the Subscription Receipt Agent's approval) or on behalf of the Subscription Receiptholders against the Corporation, whether those rights arise under this Agreement or the Subscription Receipts or otherwise that is proposed by the Corporation and Cormark;
- (b) to waive the condition that the Corporation satisfy the Release Conditions on or before the Release Deadline to allow all of the Subscription Receipts issued to be converted to Common Shares notwithstanding that the Release Conditions have not been satisfied in whole or in part;
- (c) to amend, alter or repeal any extraordinary resolution previously passed;

- (d) to direct or authorize the Subscription Receipt Agent (subject to the Subscription Receipt Agent receiving funding and indemnity) to enforce any of the covenants on the part of the Corporation contained in this Agreement or the Subscription Receipts or to enforce any of the rights of the Subscription Receiptholders in any manner specified in the extraordinary resolution or to refrain from enforcing any such covenant or right;
- (e) to waive, authorize and direct the Subscription Receipt Agent to waive any default on the part of the Corporation in complying with any provisions of this Agreement or the Subscription Receipt Certificates, either unconditionally or upon any conditions specified in the extraordinary resolution;
- (f) to restrain any Subscription Receiptholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation contained in this Agreement or the Subscription Receipts or to enforce any of the rights of the Subscription Receiptholders;
- (g) to direct any Subscription Receiptholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by the Subscription Receiptholder in connection therewith;
- (h) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with the holders of any securities of the Corporation, wherever such assent may be required; and
- (i) from time to time and at any time to remove the Subscription Receipt Agent and appoint a successor Subscription Receipt Agent.

9.12 **Meaning of “Extraordinary Resolution”**

- (1) The expression “**extraordinary resolution**” when used in this Agreement means, subject as hereinafter in this section and in Sections 9.15 and 9.16 provided, a resolution proposed at a meeting of the Subscription Receiptholders duly convened for that purpose and held in accordance with the provisions of this Article 9 at which there are present in person or by proxy Subscription Receiptholders representing at least 20% of the aggregate number of then outstanding Subscription Receipts and passed by the affirmative votes of Subscription Receiptholders holding not less than 75% of the aggregate number of the then outstanding Subscription Receipts represented at the meeting and voted on the poll upon the resolution, provided that in the case of an extraordinary resolution referred to in Section 9.11(b), the resolution shall be passed by the affirmative votes of Subscription Receiptholders holding not less than 75% of the aggregate number of the then outstanding Subscription Receipts.
- (2) If, at any meeting called for the purpose of passing an extraordinary resolution, Subscription Receiptholders representing at least 20% of the aggregate number of then outstanding Subscription Receipts are not present in person or by proxy represented by at least two persons entitled to vote in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Subscription Receiptholders or on a Subscription Receiptholders’ Request, shall be dissolved; but in

any other case it shall stand adjourned to such day, being no less than 15 days and no more than 50 days later and to such place and time as may be appointed by the chairman. Not less than 10 days' notice shall be given of the time and place of the adjourned meeting in the manner provided in Section 12.2. The notice shall state that at the adjourned meeting the Subscription Receiptholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Subscription Receiptholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened or any other particulars and a resolution proposed at the adjourned meeting and passed by the requisite vote as provided in Section 9.12(1) shall be an extraordinary resolution within the meaning of this Agreement notwithstanding that Subscription Receiptholders representing at least 20% of the aggregate number of then outstanding Subscription Receipts are not present in person or by proxy at the adjourned meeting.

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

9.13 **Powers Cumulative**

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

9.14 **Minutes**

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

9.15 **Instruments in Writing**

All actions that may be taken and all powers that may be exercised by the Subscription Receiptholders at a meeting held as hereinbefore in this Article 9 provided may also be taken and exercised by Subscription Receiptholders representing in the case of such actions and powers not requiring an extraordinary resolution, at least 51% and, in the case of such actions and powers requiring an extraordinary resolution, at least 75% of the aggregate number of then outstanding Subscription Receipts by an instrument in writing signed in one or more counterparts by Subscription Receiptholders in person or by attorney duly appointed in writing

and the expression “extraordinary resolution” when used in this Agreement shall include an instrument so signed.

9.16 **Binding Effect of Resolutions**

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 9 at a meeting of Subscription Receiptholders shall be binding upon all the Subscription Receiptholders, whether present at or absent from the meeting, and every instrument in writing signed by Subscription Receiptholders in accordance with Section 9.15 shall be binding upon all the Subscription Receiptholders, whether signatories thereto or not, and each and every Subscription Receiptholder and the Subscription Receipt Agent (subject to the provisions for its funding and indemnity herein contained) shall be bound to give effect accordingly to every resolution and instrument in writing passed or executed in accordance with these provisions.

ARTICLE 10

SUPPLEMENTAL AGREEMENTS AND SUCCESSOR COMPANIES

10.1 **Provision for Supplemental Agreements for Certain Purposes**

From time to time the Corporation (if properly authorized by its directors), and the Subscription Receipt Agent may, without the consent of the holders of Subscription Receipts and subject to the provisions of this Agreement, and they shall, when so directed hereby, execute and deliver by their proper officers, agreements or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) providing for the issuance of additional Subscription Receipts hereunder and any consequential amendments hereto as may be required by the Subscription Receipt Agent, relying on the advice of Counsel. For greater certainty the consent of the Subscription Receiptholders shall not be required;
- (b) evidencing the succession, or successive successions, of any other person to the Corporation and the assumption by such successor of the covenants of, and obligations of the Corporation under this Agreement;
- (c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable, provided that the same are not in the opinion of the Subscription Receipt Agent, relying on the advice of Counsel, prejudicial to the interests of the Subscription Receiptholders as a group;
- (d) giving effect to any resolution or extraordinary resolution passed as provided in Article 9;
- (e) making such provisions not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Subscription Receipt Agent, relying on the

advice of Counsel, prejudicial to the interests of the Subscription Receiptholders as a group;

- (f) adding to or amending the provisions hereof in respect of the transfer of Subscription Receipts, making provision for the exchange of Subscription Receipts and making any modification in the form of the Subscription Receipt Certificates which does not affect the substance thereof;
- (g) modifying any of the provisions of this Agreement or relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that no such modification or relief shall be or become operative or effective if, in the opinion of the Subscription Receipt Agent, relying on the advice of Counsel, such modification or relief impairs any of the rights of the Subscription Receiptholders, as a group or of the Subscription Receipt Agent, and provided further that the Subscription Receipt Agent may in its sole discretion decline to enter into any supplemental agreement which in its opinion may not afford adequate protection to the Subscription Receipt Agent when the same shall become operative; and
- (h) for any other purpose not inconsistent with the terms of this Agreement, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that, in the opinion of the Subscription Receipt Agent, relying on the advice of Counsel, the rights of the Subscription Receipt Agent and the Subscription Receiptholders as a group are not materially prejudiced thereby.

10.2 **Successor Entities**

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

ARTICLE 11

CONCERNING THE SUBSCRIPTION RECEIPT AGENT

11.1 **Rights and Duties of Subscription Receipt Agent**

In the exercise of the rights and duties prescribed or conferred by the terms of this Agreement, the Subscription Receipt Agent shall act honestly and in good faith with a view to the best interests of the Subscription Receiptholders and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in performing the duties of an escrow agent or subscription receipt agent in comparable circumstances. The Subscription Receipt Agent accepts its duties and responsibilities under this Agreement, and the escrowed funds,

solely as a custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Subscription Receipt Agent shall owe no duties hereunder as a trustee.

- (1) No provision of this Agreement shall be construed to relieve the Subscription Receipt Agent from, or require any other person to indemnify the Subscription Receipt Agent against liability for its own gross negligence, bad faith or wilful misconduct.
- (2) The Subscription Receipt Agent shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Corporation under this Agreement unless and until it shall have received a Subscription Receiptholder's Request specifying the act, action or proceeding which the Subscription Receipt Agent is requested to take. The obligation of the Subscription Receipt Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Subscription Receipt Agent or the Subscription Receiptholders hereunder shall be conditional upon the Subscription Receiptholders furnishing, when required by notice in writing by the Subscription Receipt Agent, sufficient funds to commence or continue the act, action or proceeding and an indemnity reasonably satisfactory to the Subscription Receipt Agent and its counsel to protect and hold harmless the Subscription Receipt Agent, its directors, officers, employees and agents against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Agreement shall require the Subscription Receipt Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.
- (3) The Subscription Receipt Agent may, before commencing any act, action or proceeding or at any time during the continuance thereof, require the Subscription Receiptholders at whose instance it is acting to deposit with the Subscription Receipt Agent the Subscription Receipt Certificates held by them, for which Subscription Receipt Certificates the Subscription Receipt Agent shall issue receipts.
- (4) Every provision of this Agreement that, by its terms, relieves the Subscription Receipt Agent of liability or entitles it to rely upon any evidence submitted by it, is subject to the provisions of Section 11.1(2) and Section 11.1(3).
- (5) The Subscription Receipt Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Subscription Receipt Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Subscription Receipt Agent and in the absence of such notice the Subscription Receipt Agent may for all purposes of this Agreement conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, agreements or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Subscription Receipt Agent to determine whether or not the Subscription Receipt Agent shall take action with respect to any default.

- (6) In this Agreement, whenever confirmations or instructions are required to be given to the Subscription Receipt Agent, in order to be valid, such confirmations and instructions shall be in writing.

11.2 Evidence, Experts and Advisers

- (1) In addition to the reports, certificates, opinions and other evidence required by this Agreement, the Corporation shall furnish to the Subscription Receipt Agent such additional evidence of compliance with any provision hereof and in such form as the Subscription Receipt Agent may reasonably require by written notice to the Corporation.
- (2) In the exercise of its rights and duties hereunder, the Subscription Receipt Agent may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Subscription Receipt Agent pursuant to any provision hereof or pursuant to a request of the Subscription Receipt Agent. The Subscription Receipt Agent shall be under no responsibility in respect of the validity of this Agreement or the execution and delivery hereof by or on behalf of the Corporation or in respect of the validity or the execution of any Subscription Receipt Certificate by the Corporation and issued hereunder, nor shall it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any such Subscription Receipt Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Agreement and/or in any Subscription Receipt Certificate.
- (3) Proof of the execution of an instrument in writing, including a Subscription Receiptholders' Request, by any Subscription Receiptholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Subscription Receipt Agent may consider adequate and in respect of a corporate Subscription Receiptholder, shall include a certificate of incumbency of such Subscription Receiptholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.
- (4) The Subscription Receipt Agent may act, or not act if applicable, and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, facsimile or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties.
- (5) The Subscription Receipt Agent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of

any counsel and shall not be responsible for any misconduct on the part of any of them who has been selected with due care by the Subscription Receipt Agent. Any reasonable remuneration paid by the Subscription Receipt Agent shall be paid by the Corporation in accordance with Section 6.2.

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

11.3 Securities, Documents and Monies Held by Subscription Receipt Agent

Any securities, documents of title, monies or other instruments that may at any time be held by the Subscription Receipt Agent on behalf of the Corporation and the Subscription Receiptholders may be placed in the deposit vaults of the Subscription Receipt Agent or of any Schedule 1 Canadian chartered bank or deposited for safekeeping with any such bank or the Subscription Receipt Agent. All interest or other income received by the Subscription Receipt Agent in respect of such deposits and investments shall, subject to Section 7.3, belong to the Corporation and shall be paid to the Corporation upon discharge of this Agreement. The Escrow Agent shall have no liability with respect to any loss in the value of investments as permitted to be made hereunder. In making any payment, the Escrow Agent shall not be liable for any loss sustained from the early termination of any investment if such early termination is required to enable the Escrow Agent to make a payment.

11.4 Action by Subscription Receipt Agent to Protect Interests

Subject to the provisions of this Agreement, the Subscription Receipt Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Subscription Receiptholders.

11.5 Subscription Receipt Agent not Required to Give Security

The Subscription Receipt Agent shall not be required to give any bond or security in respect of the performance of its duties as Escrow Agent pursuant to this Agreement or otherwise.

11.6 Protection of Subscription Receipt Agent

By way of supplement to the provisions of any law for the time being relating to the performance of the duties of the Subscription Receipt Agent pursuant to this Agreement, it is expressly declared and agreed as follows:

- (1) The Subscription Receipt Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Agreement or in the Subscription Receipt Certificates (except the representation contained in Section 11.8 and 11.13 or in the certificate of the Subscription Receipt Agent on the Subscription Receipt Certificates) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to be made by the Corporation (except the representation contained in Section 11.8 and 11.13 or in the certificate of the Subscription Receipt Agent on the Subscription Receipt Certificates).

- (2) Nothing herein contained shall impose any obligation on the Subscription Receipt Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Agreement or any instrument ancillary or supplemental hereto.
- (3) The Subscription Receipt Agent shall not be bound to give notice to any person or persons of the execution hereof.
- (4) The Subscription Receipt Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the covenants or warranties herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation.
- (5) Without limiting any protection or indemnity of the Subscription Receipt Agent under any other provision hereof, or otherwise at law, the Corporation hereby agrees to indemnify and hold harmless the Subscription Receipt Agent and its directors, officers, agents and employees from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Subscription Receipt Agent in connection with the performance of its duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements arising by reason of the gross negligence, bad faith, fraud or wilful misconduct of the Subscription Receipt Agent. This provision shall survive the resignation or removal of the Subscription Receipt Agent, or the termination of this Agreement. The Subscription Receipt Agent shall not be under any obligation to prosecute or defend any action or suit in respect of this Agreement which, in the opinion of its counsel, may involve it in expense or liability, unless the Corporation shall, so often as required, furnish the Subscription Receipt Agent with satisfactory indemnity and funding against such expense or liability.
- (6) The Subscription Receipt Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Subscription Receipt Agent, in its sole judgement, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Subscription Receipt Agent, in its sole judgement, determine at any time that its acting under this Subscription Receipt Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation provided: (i) that the Subscription Receipt Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Subscription Receipt Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

11.7 Replacement of Subscription Receipt Agent

- (1) The Subscription Receipt Agent may resign as the Subscription Receipt Agent and Escrow Agent and be discharged from all further duties and liabilities hereunder, subject

to this Section 11.7, by giving to the Corporation not less than 60 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. The Subscription Receiptholders by extraordinary resolution shall have the power at any time to remove the Subscription Receipt Agent and to appoint a new Subscription Receipt Agent. In the event of the Subscription Receipt Agent resigning or being removed as aforesaid, or as in Section 11.8 or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Subscription Receipt Agent unless a new Subscription Receipt Agent has already been appointed by the Subscription Receiptholders; failing that appointment by the Corporation, the retiring Subscription Receipt Agent (at the Corporation's expense) or any Subscription Receiptholder may apply to a justice of the Ontario Superior Court of Justice, on such notice as the justice may direct, for the appointment of a new Subscription Receipt Agent; but any new Subscription Receipt Agent so appointed by the Corporation or by the court shall be subject to removal as aforesaid by the Subscription Receiptholders. Any new Subscription Receipt Agent appointed under any provision of this section shall be a corporation authorized to carry on the business of a trust company or transfer agent in the Province of Ontario, and if required any other Qualifying Provinces. On any such appointment the new Subscription Receipt Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Subscription Receipt Agent without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as may, in the opinion of Counsel, be necessary or advisable for the purpose of assuring the same to the new Subscription Receipt Agent, provided that any resignation or removal of the Subscription Receipt Agent and appointment of a successor Subscription Receipt Agent shall not become effective until the successor Subscription Receipt Agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Corporation, the predecessor Subscription Receipt Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor Subscription Receipt Agent an appropriate instrument transferring to such successor Subscription Receipt Agent all rights and powers of the Subscription Receipt Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Subscription Receipt Agent hereunder.

- (2) Upon the appointment of a successor Subscription Receipt Agent, the Corporation shall promptly notify the Subscription Receiptholders thereof in the manner provided for in Section 12.2.
- (3) Any corporation into or with which the Subscription Receipt Agent may be merged or consolidated or amalgamated, or any corporation succeeding to the corporate trust business of the Subscription Receipt Agent, shall be the successor to the Subscription Receipt Agent hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new Subscription Receipt Agent under Section 11.7.
- (4) Any Subscription Receipts certified but not delivered by a predecessor Subscription Receipt Agent may be certified by the new or successor Subscription Receipt Agent in the name of the predecessor or the new or successor Subscription Receipt Agent.

11.8 Privacy

The parties acknowledge that the Subscription Receipt Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this agreement and other services that may be requested from time to time;
- (b) to help the Subscription Receipt Agent manage its servicing relationships with such individuals;
- (c) to meet the Subscription Receipt Agent's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Subscription Receipt Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Subscription Receipt Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this agreement for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Subscription Receipt Agent shall make available on its website or upon request, including revisions thereto. Further, each party agrees that it shall not provide or cause to be provided to the Subscription Receipt Agent any personal information relating to an individual who is not a party to this agreement unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

11.9 Force Majeure

No party hereto shall be liable to the others, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section.

11.10 Conflict of Interest

- (1) The Subscription Receipt Agent represents to the Corporation and Cormark, on behalf of the Underwriters, that at the time of the execution and delivery hereof no material conflict of interest exists which it is aware of in the Subscription Receipt Agent's role hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within 90 days after ascertaining that it has a material conflict of interest, either eliminate the same or resign as the Subscription Receipt Agent hereunder. Notwithstanding the foregoing provisions of this Section 11.10, if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Agreement and the

Subscription Receipt Certificate shall not be affected in any manner whatsoever by reason thereof.

- (2) Subject to Section 11.8, the Subscription Receipt Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation, may act as registrar and transfer agent for the Common Shares and generally may contract and enter into financial transactions with the Corporation, all without being liable to account for any profit made thereby.

11.11 Appointment of Escrow Agent

The Subscription Receipt Agent hereby agrees to act as the Escrow Agent and to perform the duties of an escrow agent pursuant to the terms and conditions set forth herein and agrees to hold the Escrowed Funds for and on behalf of the Corporation, Cormark, on behalf of the Underwriters, and those persons who become holders of Subscription Receipts from time to time issued pursuant to this Agreement.

11.12 Subscription Receipt Agent Not to be Appointed Receiver

The Subscription Receipt Agent and any person related to the Subscription Receipt Agent shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation or any subsidiary of the Corporation.

11.13 Authorization to Carry on Business

The Subscription Receipt Agent represents to the Corporation and Cormark, on behalf of the Underwriters, that it is registered to carry on the business of a transfer agent in the Province of Ontario.

11.14 Books and Records

The Subscription Receipt Agent shall maintain accurate books, records and accounts of the transactions effected or controlled by the Subscription Receipt Agent hereunder and the receipt, investment, re-investment and disbursement of the property hereunder and shall provide to the Corporation records and statements thereof periodically upon written request.

ARTICLE 12

GENERAL

12.1 Notice to the Corporation, the Subscription Receipt Agent and Cormark

- (1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation, the Subscription Receipt Agent or Cormark, on behalf of the Underwriters, shall be deemed to be validly given if delivered or if sent by registered mail, email, postage prepaid or if transmitted by facsimile:
 - (a) If to the Corporation, to:

Carpathian Gold Inc.
365 Bay Street
Suite 300
Toronto, Ontario M5H 2V1

Attention: Dino Titaro, President and Chief Executive Officer
Fax: 416 363-3883

with a copy (not to constitute notice to the Corporation) to:

Fraser Milner Casgrain LLP
77 King Street West Suite 400
Toronto-Dominion Centre
Toronto, Ontario M5K 0A1

Attention: Michael N. Melanson
Facsimile: (416) 863-4592

(b) If to Cormark, to:

Cormark Securities Inc.
Royal Bank Plaza
P.O. Box 63
South Tower, Suite 2800
Toronto, Ontario M5J 2J2

Attention: Jeff Kennedy
Fax: (416) 943-6496

with a copy to (not to constitute notice to the Underwriters):

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

Attention: John Vettese
Fax: (416) 350-6930

(c) If to the Subscription Receipt Agent, to:

Equity Financial Trust Company
200 University Avenue
Suite 400
Toronto, ON M5H 4H1

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

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

- (2) The Corporation, Cormark or the Subscription Receipt Agent, as the case may be, may from time to time notify the other in the manner provided in Section 12.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation, Cormark or the Subscription Receipt Agent, as the case may be, for all purposes of this Agreement. A copy of any notice of change of address given pursuant to this Section 12.1(2) shall be available for inspection at the principal office of the Subscription Receipt Agent in the city of Toronto, Ontario by Subscription Receiptholders during normal business hours.
- (3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Subscription Receipt Agent, the Corporation or Cormark, on behalf of the Underwriters, hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in Section 12.1(1) by facsimile or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to the officer or if delivered by facsimile or other means of prepaid, transmitted, recorded communication on the third Business Day following the date of the sending of the notice by the person giving the notice.

12.2 Notice to the Subscription Receiptholders

- (1) Unless herein otherwise expressly provided, any notice to be given hereunder to Subscription Receiptholders shall be deemed to be validly given if the notice is sent by first class mail, postage prepaid, addressed to the holders or delivered by hand (or so mailed to certain holders and so delivered to other holders) at their respective addresses appearing on the register maintained by the Subscription Receipt Agent. Any notice so given shall be deemed to have been given on the day of delivery by hand or on the next Business Day if delivered by mail.
- (2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Subscription Receiptholders could reasonably be considered unlikely to reach its destination, the notice may be published or distributed once in the Report on Business section of the national edition of *The Globe and Mail* newspaper or, in the event of a disruption in the circulation of that newspaper, once in the Financial Post section of the national edition of The National Post newspaper; provided that in the case of a notice convening a meeting of the holders of Subscription Receipts, the Subscription Receipt Agent may require such additional publications of that notice, in the same or in other cities or both, as it may deem necessary for the reasonable protection of the Subscription Receiptholders or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in

all of the cities in which publication was required (or first published in a city if more than one publication in that city is required). In determining under any provision hereof, the date when notice of any meeting or other event must be given, the date of giving notice shall be included and the date of the meeting or other event shall be excluded.

- (3) Accidental error or omission in giving notice or accidental failure to mail notice to any Subscription Receiptholder will not validate any action or proceeding forwarded thereon.

12.3 Discretion of Directors

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

The Corporation and the Subscription Receipt Agent may deem and treat the registered owner of any Subscription Receipts as the absolute owner thereof for all purposes, and the Corporation and the Subscription Receipt Agent shall not be affected by any notice or knowledge to the contrary except where the Corporation or the Subscription Receipt Agent is required to take notice by statute or by order of a court of competent jurisdiction. A Subscription Receiptholder shall be entitled to the rights evidenced by its Subscription Receipt Certificate free from all equities or rights of set off or counterclaim between the Corporation and the original or any intermediate holder of the Subscription Receipts and all persons may act accordingly. The receipt by any such Subscription Receiptholder of the Common Shares which may be acquired pursuant to the conversion of Subscription Receipts shall be a good discharge to the Corporation and the Subscription Receipt Agent for the same and none of the Corporation or the Subscription Receipt Agent shall be bound to inquire into the title of any such holder except where the Corporation or the Subscription Receipt Agent is required to take notice by statute or by order of a court of competent jurisdiction.

12.4 Satisfaction and Discharge of Agreement

Following the date on which either: (i) the certificates representing the Common Shares shall have been delivered to Subscription Receiptholders to the full extent of the rights attached to all Subscription Receipts theretofore certified hereunder and the monies to be paid hereunder have been paid; or (ii) the Subscription Receipt Agent has satisfied its responsibilities pursuant to Section 7.4 hereof in the event the Default Certificate is delivered to the Subscription Receipt Agent, this Agreement shall cease to be of further effect. On demand of the Subscription Receipt Agent and at the cost and expense of the Corporation and upon delivery to the Subscription Receipt Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Agreement have been complied with and upon payment to the Subscription Receipt Agent of the fees and other remuneration payable to the Subscription Receipt Agent, the parties hereto shall execute proper instruments acknowledging satisfaction of and discharging this Agreement.

12.5 Provisions of Agreement and Subscription Receipts for the Sole Benefit of Parties and Subscription Receiptholders

Nothing in this Agreement or in the Subscription Receipts, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Subscription

Receiptholders any legal or equitable right, remedy or claim under this Agreement, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Subscription Receiptholders.

12.6 Agreement to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Agreement and the Subscription Receipt Certificate, the terms of this Agreement will prevail.

12.7 Assignment

This Agreement and any benefits or burdens under this Agreement shall not be assignable by the Corporation or the Subscription Receipt Agent without the prior written notice of the other parties hereto, which consent shall not be unreasonably withheld. Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the Corporation and the Subscription Receipt Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

12.8 Counterparts and Formal Date

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

- Signature Page Follows -

SCHEDULE "A"

FORM OF SUBSCRIPTION RECEIPT CERTIFICATE

[For CDS, the following legend is also applied]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO CARPATHIAN GOLD INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

[FOR U.S. PURCHASERS, THE FOLLOWING LEGEND IS ALSO APPLIED.]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES DELIVERABLE IN EXCHANGE THEREFOR HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF CARPATHIAN GOLD INC. (THE "CORPORATION") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO EQUITY FINANCIAL TRUST COMPANY (OR SUCCESSOR THERETO). EACH PURCHASER OF THESE SECURITIES IS HEREBY NOTIFIED THAT THE SELLER OF THESE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THESE SECURITIES MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES. IF THE CORPORATION IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF TRANSFER, A NEW CERTIFICATE, BEARING NO LEGEND, MAY BE OBTAINED FROM EQUITY FINANCIAL TRUST COMPANY (OR SUCCESSOR THERETO) UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO EQUITY FINANCIAL TRUST COMPANY (OR SUCCESSOR THERETO) AND THE CORPORATION AND, IF SO REQUIRED BY EQUITY FINANCIAL TRUST COMPANY (OR SUCCESSOR THERETO), AN OPINION OF COUNSEL, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.

CUSIP: 14426W114

ISIN: CA14426W1142

**SUBSCRIPTION RECEIPTS TO ACQUIRE COMMON SHARES OF
CARPATHIAN GOLD INC.**

Subscription Receipt Certificate
No. ●

● Subscription Receipts each entitling the holder to acquire
one Common Share of CARPATHIAN GOLD INC.

THIS IS TO CERTIFY THAT, for value received, ●, (herein called the “**holder**”) is entitled to receive in the manner herein provided and as more specifically set forth in the Subscription Receipt Agreement (defined below) and without further payment therefor, subject to adjustment as set forth below, for each whole Subscription Receipt evidenced by this certificate, one common share (a “**Common Share**”) of Carpathian Gold Inc. (the “**Corporation**”).

Capitalized terms used in this Subscription Receipt Certificate and not otherwise defined shall have the meanings ascribed to such terms in the Subscription Receipt Agreement made as of November 22, 2011 between the Corporation, Cormark Securities Inc. and Equity Financial Trust Company (the “**Subscription Receipt Agent**”) (the “**Subscription Receipt Agreement**”).

The Subscription Receipts represented by this Subscription Receipt Certificate are issued under and pursuant to the Subscription Receipt Agreement. Reference is hereby made to the Subscription Receipt Agreement and any instruments supplemental thereto, for a full description of the rights of the holders of the Subscription Receipts and the terms and conditions upon which Subscription Receipts are, or are to be, issued, held, transferred and exercised, all to the same effect as if the provisions of the Subscription Receipt Agreement and all instruments supplemental thereto were herein set forth, and to all of which provisions the holder of this Subscription Receipt Certificate by acceptance hereof assents.

In the event of any inconsistency between the terms set forth in this Subscription Receipt Certificate and the terms of the Subscription Receipt Agreement, the terms of the Subscription Receipt Agreement shall govern.

Following the occurrence of the Release Event the Subscription Receipts represented by this Subscription Receipt Certificate shall be automatically exercised without any further action on the part of the holder, including without the payment of any additional consideration, for the Common Shares on the Conversion Date, in accordance with the provisions of the Subscription Receipt Agreement.

In the event that the Release Event does not occur on or before the Release Deadline, the Corporation shall forthwith deliver the Default Certificate duly executed by both the Corporation and Cormark to Subscription Receipt Agent. Within three (3) Business Days of the receipt of the Default Certificate by the Subscription Receipt Agent, the Subscription Receipt Agent shall deliver a cheque to each Subscription Receiptholder representing its applicable Subscription Receiptholder’s Funds. In the event that the Escrowed Funds are not sufficient to fund the payment to each Subscription Receiptholder of the aggregate Purchase Price originally paid for such Subscription Receipts, the Corporation shall fund any such shortfall (a “**Shortfall Amount**”) by depositing such amount with the Subscription Receipt Agent by certified cheque, bank draft, money order or confirmed wire transfer to the Subscription Receipt Agent one (1) Business Day after delivery of the Default Certificate (such Shortfall Amount, together with the Subscription Receiptholder’s Funds, the “**Subscription Receiptholder’s Default Funds**”). Each Subscription Receiptholder’s Default Funds shall be paid to such holder prior to the Default Deadline. Payment made in accordance with Section 7.4 of the Subscription Receipt Agreement shall be made in accordance with Section 7.7 of the Subscription Receipt Agreement and the Subscription Receipt Agent shall mail such payment to

such Subscription Receiptholders at their address last appearing on the register of the Subscription Receipts maintained by the Subscription Receipt Agent. All Subscription Receipt Certificates representing Subscription Receipts in respect of which the Subscription Receiptholder's Default Funds have been paid to the Subscription Receiptholders shall be deemed to have been cancelled on the Default Deadline and the Subscription Receipt Agent shall record the deemed cancellation of such Subscription Receipt Certificates on the register of the Subscription Receipts. All Subscription Receipts represented by Subscription Receipt Certificates which have been deemed to have been cancelled pursuant to Section 7.4 of the Subscription Receipt Agreement shall be without further force and effect whatsoever.

The Subscription Receipt Agreement provides for adjustments to the right of subscription, including the amount of and kind of securities or other property issuable upon exercise, upon the happening of certain stated events, including the subdivision or consolidation of the Common Shares of the Corporation, certain distributions of Common Shares or securities convertible into Common Shares of the Corporation or of other securities or assets of the Corporation, as applicable, certain offerings or rights, warrants or options, and certain capital reorganizations.

The holding of the Subscription Receipts evidenced by this Subscription Receipt Certificate shall not constitute the holder hereof a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as herein and in the Subscription Receipt Agreement expressly provided.

This Subscription Receipt Certificate may be exchanged for one or more Subscription Receipt Certificates of different denomination(s) evidencing in the aggregate an equal number of Subscription Receipts as the number of Subscription Receipts represented by this Subscription Receipt Certificate in accordance with the terms of the Subscription Receipt Agreement and applicable Securities Laws.

The Subscription Receipts, and the Common Shares issuable upon the exercise of these Subscription Receipts, have not been and will not be registered under the U.S. Securities Act or under any state securities laws. The Subscription Receipts may not be exercised in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and any applicable state securities laws, and, if requested by the Corporation, the holder has furnished an opinion of counsel satisfactory to the Corporation to such effect.

This Subscription Receipt Certificate shall not be valid for any purpose whatever unless and until it has been manually countersigned by or on behalf of the Subscription Receipt Agent. The certification of the Subscription Receipt Agent on the Subscription Receipt Certificate issued hereunder shall not be construed as a representation or warranty by the Subscription Receipt Agent as to the validity of this Subscription Receipt Certificate (except the due certification thereof) and the Subscription Receipt Agent shall in no respect be liable or answerable for the use made of the Subscription Receipts or any of them or of the consideration therefor, except as otherwise specified herein.

Time shall be of the essence hereof.

This Subscription Receipt Certificate is governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

- Signature Page Follows -

IN WITNESS WHEREOF the Corporation has caused this Subscription Receipt Certificate to be signed by its duly authorized officer as of the ____ day of ●, 2011.

CARPATHIAN GOLD INC.

By: _____
Authorized Signatory

Countersigned and certified this ____ day of ●, 2011.

EQUITY FINANCIAL TRUST COMPANY

By: _____
Authorized Signatory

By: _____
Authorized Signatory

SCHEDULE "B"

FORM OF CONFIRMATION CERTIFICATE

TO: Cormark Securities Inc., on its own behalf and on behalf of the Underwriters

RE: Subscription Receipt Agreement (the "**Subscription Receipt Agreement**") dated November 22, 2011 among Carpathian Gold Inc. (the "**Company**"), Cormark Securities Inc., on its own behalf and on behalf of the Underwriters, and Equity Financial Trust Company.

This Confirmation Certificate is being provided pursuant to Section 4.1(1) of the Subscription Receipt Agreement. Unless otherwise indicated, capitalized terms shall have the meanings ascribed to them in the Subscription Receipt Agreement.

The undersigned, ●, the **[position]** of the Company, hereby certifies for an on behalf of the Company and not in his personal capacity that all of the Release Conditions have been satisfied, other than delivery of the Release Certificate.

DATED this ____ day of _____, 2011.

CARPATHIAN GOLD INC.

By: _____
Authorized Signatory

SCHEDULE "C"

FORM OF RELEASE CERTIFICATE

TO: Equity Financial Trust Company

RE: Subscription Receipt Agreement (the "**Subscription Receipt Agreement**") dated November 22, 2011 among Carpathian Gold Inc., Cormark Securities Inc., on its own behalf and on behalf of the Underwriters, and Equity Financial Trust Company.

Unless otherwise indicated, capitalized terms shall have the meanings ascribed to them in the Subscription Receipt Agreement.

Pursuant to Section 4.1 of the Subscription Receipt Agreement, the undersigned hereby certify that with the delivery of this certificate the Release Event has occurred prior to the Release Deadline.

Accordingly, pursuant to Section 7 of the Subscription Receipt Agreement, the undersigned hereby request that you (i) liquidate the Escrowed Funds in accordance with Article 7 of the Subscription Receipt Agreement; (ii) deliver \$_____, representing (A) the commission equal to 6.0% of the aggregate gross proceeds of the issue and sale of the Subscription Receipts payable to the Underwriters under the Underwriting Agreement and (B) the Underwriters' expenses determined in accordance with the Underwriting Agreement, payable to Cormark by [certified cheque] [wire transfer] [bank draft]; and (iii) deliver the balance of the Escrowed Funds, being \$_____, to the Corporation by wire transfer, or as it may in writing direct on or before _____ (Toronto time) on _____, 2011.

This Release Certificate may be signed in counterparts and delivered electronically or by facsimile and shall constitute good and sufficient authority for taking the actions described herein.

DATED this ____ day of _____, 2011.

CARPATHIAN GOLD INC.

By: _____
Authorized Signatory

**CORMARK SECURITIES INC., on its own behalf and on behalf
of the Underwriters**

By: _____
Authorized Signatory

SCHEDULE "D"

FORM OF DEFAULT CERTIFICATE

TO: Equity Financial Trust Company

RE: Subscription Receipt Agreement (the "**Subscription Receipt Agreement**") dated November 22, 2011 among Carpathian Gold Inc., Cormark Securities Inc., on its own behalf and on behalf of the Underwriters, and Equity Financial Trust Company.

Unless otherwise indicated, capitalized terms shall have the meanings ascribed to them in the Subscription Receipt Agreement.

Pursuant to Section 7.4 of the Subscription Receipt Agreement, the undersigned hereby certify that with the delivery of this certificate the Release Event has not occurred prior to the Release Deadline.

Accordingly, pursuant to Section 7.4 of the Subscription Receipt Agreement, the undersigned hereby request that you (i) liquidate the Escrowed Funds in accordance with Article 7 of the Subscription Receipt Agreement; and (ii) inform Carpathian Gold Inc. of any Shortfall Amount. Upon receipt by you from Carpathian Gold Inc. of funds representing the Shortfall Amount, the undersigned requests that you deliver the Subscription Receiptholder's Default Funds in accordance with Section 7.4 of the Subscription Receipt Agreement.

This Default Certificate may be signed in counterparts and delivered electronically or by facsimile and shall constitute good and sufficient authority for taking the actions described herein.

DATED this ____ day of _____, 2011.

CARPATHIAN GOLD INC.

By: _____
Authorized Signatory

**CORMARK SECURITIES INC., on its own behalf and on behalf
of the Underwriters**

By: _____
Authorized Signatory

Appendix "A"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: _____ (the "Corporation")

TO: [If for the removal of a legend on the Subscription Receipts:]

◆, as Subscription Receipt Agent;

[If for the removal of a legend on the Common Shares:]

◆, as Registrar and Transfer Agent for the Common Shares of the Corporation

The undersigned (a) acknowledges that the sale of _____ [subscription receipts/common shares] of Carpathian Gold Inc. (the "Corporation") represented by certificate no. _____ to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and (b) certifies that (1) it is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act) of the Corporation, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of a "designated offshore securities market" (such as the TSX Venture Exchange or the Toronto Stock Exchange) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any "directed selling efforts" in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used but not defined herein have the meanings given to them by Regulation S.

Dated _____ 20_.

X _____
Signature of individual (if Subscriber is an individual)

X _____
Authorized signatory (if Subscriber is not an individual)

Name of Subscriber (please print)

Name of authorized signatory (please print)

Official capacity of authorized signatory (please print)

Affirmation by Seller's Broker-Dealer
(Required for sales pursuant to Section (B)(2)(b) above)

We have read the foregoing representations of our customer, _____ (the "Seller") dated _____, with regard to the sale, for such Seller's account, of the securities of the Corporation described therein, and we hereby affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange, (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (D) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: _____ 20_.

Name of Firm

By: _____
Authorized Officer