*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**1933 Act**") and, subject to certain exemptions from registration, may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons. See "Plan of Distribution".*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in the provinces of Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer of Cleanfield Alternative Energy Inc. at 1404 Cormorant Road, Unit 6, Ancaster, Ontario L9G 4V5 (telephone 905-304-5223), and are also available electronically at www.sedar. com.*

Short Form Prospectus

New Issue July 8, 2008

CLEANFIELD ALTERNATIVE ENERGY INC.

Head Office:	Registered Office:
1404 Cormorant Road, Unit #6	13401-108th Avenue, Suite 1450
Ancaster, Ontario	Surrey, British Columbia
L5G 4V5	V3T 5T3

CLEANFIELD ENERGY

$1,000,000 Minimum - $2,000,000 Maximum

$1,000,000 Minimum - $1,500,000 Maximum of
12% Senior Secured Convertible Redeemable Debentures, Series B
and
$500,000 Maximum (625,000) of Common Shares
$0.80 per share

This short form prospectus qualifies the distribution to the public (the "**Offering**") of a minimum of $1,000,000 and a maximum of $1,500,000 principal amount of 12% senior secured convertible redeemable debentures, Series B, due 2010 (the "**Series B Debentures**") of Cleanfield Alternative Energy Inc. ("**Cleanfield**" or the "**Company**") and a maximum of $500,000 (625,000) of common shares of Cleanfield (the "**Offered Shares**" and together with the Series B Debentures, the "**Offered Securities**"). The Series B Debentures will be issued in increments of $100, will be dated the date of closing and will mature on the second anniversary date of closing (the "**Maturity Date**"). Interest on the Series B Debentures will accrue from the date of the closing of the Offering and will be payable quarterly in arrears on the last business day of each three month period the Series B Debentures are outstanding. The Series B Debentures may be redeemed by the Company prior to the Maturity Date, in whole at any time or in part from time to time, on at least 30 days' prior notice at a redemption price equal to the principal amount of the Series B Debenture plus accrued and unpaid interest, if any. The Series B Debentures will be secured by a general security agreement over assets of the Company, a guarantee by the Company's wholly-owned subsidiary, Cleanfield Energy Corp. ("**CEC**") and a general security agreement over CEC's assets, and will rank in priority over any other secured debt of the Company and CEC except the Senior Indebtedness (as hereinafter defined). Further particulars of the interest, redemption, maturity and security provisions of the Series B Debentures are set out under "Description of the Securities Being Distributed – Description of the Series B Debentures".

The earnings coverage ratios with respect to the Series B Debentures are less than one-to-one. See "*Earnings Coverage Ratios*".

Series B Debenture Conversion Privilege

Each Series B Debenture will be convertible into freely tradeable units of the Company (the "**Series B Units**") at the option of the holder of a Series B Debenture at any time prior to the close of business on the Maturity Date or, if called for redemption, prior to the close of business on the 5th business day preceding the date specified by the Company for redemption of the Series B Debentures, at a conversion price of $1.00 per Series B Unit (the "**Conversion Price**"), subject to adjustment in certain events. Each Series B Unit will consist of one common share in the capital of the Company (each, a "**Series B Unit Share**") and one common share purchase warrant (each, a "**Series B Unit Warrant**"), with each Series B Unit Warrant entitling the holder to purchase one additional common share of the Company (each, a " **Series B Unit Warrant Share**") at any time prior to the Maturity Date at $1.00 per Series B Unit Warrant Share. Holders converting their Series B Debentures will receive accrued and unpaid interest thereon up to but excluding the date of conversion. Further particulars concerning the conversion privilege, including provisions for the adjustment of the conversion price, are set out under "Description of the Securities Being Distributed - Description of the Series B Debentures – Conversion Privilege".

Our common shares are listed on the TSXV Venture Exchange (the "**TSXV**"), under the symbol "AIR". On April 24, 2008, the last business day preceding the day on which this Offering was announced, the closing sale price of our common shares on the TSXV was $0.82. **There is no market through which the Series B Debentures and the Series B Unit Warrants may be sold and purchasers may not be able to resell the Series B Debentures and the Series B Unit Warrants purchased under this short form prospectus. The Series B Debentures and the Series B Unit Warrants will not be listed on the TSXV or any other exchange. This may affect the pricing of the Series B Debentures and the Series B Unit Warrants in the secondary market, transparency and availability of trading prices, the liquidity of the Series B Debentures and the Series B Unit Warrants and the extent of issuer regulation.** See "*Risk Factors*". We have applied to the TSXV for the listing of the Offered Shares, the Series B Unit Shares issuable upon the conversion of the Series B Debentures and the Series B Unit Warrant Shares issuable upon the exercise of the Series B Unit Warrants. Listing will be subject to us fulfilling all of the listing requirements of the TSXV.

Investing in the Offered Securities should be regarded as highly speculative and should be considered only by those investors able to withstand a total loss of their investment. Prior to subscribing for the Offered Securities, potential purchasers should carefully consider certain risk factors. See "*Risk Factors*".

	Price: $100 per Series B Debenture $0.80 per Offered Share		
	Price to the Public	**Agent's Fee(1)**	**Net Proceeds to the Company(2)**
Per Series B Debenture	$100	$8	$92
Minimum Offering	$1,000,000	$80,000	$920,000
Maximum Offering	$1,500,000	$120,000	$1,380,000
Per Offered Share	$0.80	$0.064	$0.736
Maximum Offering	$500,000	$40,000	$460,000

Notes:

(1) The Agent will also receive:

(a) a corporate finance fee of $30,000 (plus GST), of which $7,000 has been paid by the Company to the Agent and the remainder of $23,000, or $24,150 inclusive of GST, will be payable on Closing, at the option of the Agent, in either cash, or in units of the Company (the "**Fee Units**") at $1.00 per Fee Unit. Each Fee Unit will consist of one common share of the Company (a "**Fee Unit Share**") and one common share purchase warrant (a "**Fee Unit Warrant**"). Each Fee Unit Warrant will entitle the holder to purchase one additional common share of the Company (a "**Fee Unit Warrant Share**") at $1.00 per Fee Unit Warrant Share at any time during 24 months after the Closing Date;

(b) a compensation option (the "**Compensation Option**") to acquire that number of units (the "**CO Units**") equal to 9% of the number of Series B Units issuable upon the conversion of the Series B Debentures sold, exercisable at $1.00 per CO Unit at any time during 24 months after the Closing Date. Each CO Unit will be comprised of one common share of the Company (a "**CO Unit Share**") and one common share purchase warrant (a "**CO Unit Warrant**"). Each CO Unit Warrant will entitle the holder to purchase one additional common share of the Company (a "**CO Unit Warrant Share**") at $1.00 per CO Unit Warrant Share at any time during 24 months after the Closing Date; and

(c) broker warrants (the "**Broker Warrants**") to acquire that number of common shares of the Company (the "**BW Shares**") equal to 9% of the number of Offered Shares sold, exercisable at $0.80 per BW Share at any time during 24 months after the Closing Date.

(2) Before deducting expenses of this Offering, estimated to be approximately $145,850 in case of the Minimum Offering or $151,097 in case of the Maximum Offering, in each case excluding the Agent's commission and the balance of corporate finance fee, which will be paid by us.

This short form prospectus qualifies the distribution of the Fee Units and the Compensation Option, provided that the aggregate number of Fee Units and the CO Units will not exceed 10% of the number of Series B Units issuable upon the conversion of the Series B Debentures sold. Any Fee Units and any portion of the Compensation Option issuable to the Agent in connection with the Offering in excess of such 10% will be issued pursuant to an exemption from the prospectus requirements and will be subject to a four month hold period from the Closing Date. This short form prospectus qualifies the distribution of the Broker Warrants.

The Offering will be sold pursuant to an agency agreement (the "**Agency Agreement**") dated as of July 8, 2008 between the Company and Wolverton Securities Ltd. (the "**Agent**"). The Agent conditionally offers the Offered Securities on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the Agency Agreement referred to under "Plan of Distribution". The Offering price will be determined by negotiation between Cleanfield and the Agent.

The Offering is not underwritten. Provided the a minimum of $1,000,000 principal amount of Series B Debentures have been subscribed for (the "**Minimum Offering**"), it is expected that the closing of the Offering will take place on or about July 25, 2008 (the "**Closing Date**"), subject to postponement, as the Agent and the Company may agree, to not later than the 90th day after a receipt for the (final) short from prospectus is issued. Should closing of the Offering occur in respect of the Minimum Offering, one or more additional closings, if necessary, may occur until the earlier of the Offering being fully subscribed and the 90th day after a receipt for the (final) short from prospectus is issued. Notwithstanding the foregoing, if the Minimum Offering has not been subscribed for within 90 days of the issuance of a receipt for the (final) short form prospectus, the Offering may not continue without the consent of each person or company who subscribed on or before such date. If such consents are not obtained, or if for any reason closing of the Offering does not occur, subscription proceeds received will be promptly returned to subscribers without interest thereon or deduction therefrom. See "*Plan of Distribution*".

Subscriptions for Offered Securities will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Definitive certificates representing the Series B Debentures and the Offered Shares are expected to be available for delivery at closing of the Offering. Subject to applicable laws in connection with the Offering, the Agent may effect transactions intended to stabilize or maintain the market price for our common shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

Certain legal matters relating to the securities offered hereby will be passed upon by Fogler, Rubinoff LLP on behalf of the Company and by Miller Thomson LLP on behalf of the Agent.

You should rely only on the information contained in or incorporated by reference in this short form prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these Offered Securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this short form prospectus is accurate as of any date other than the date of this short form prospectus.

In this short form prospectus, "Cleanfield", "we", "us" and "our" refer to Cleanfield Alternative Energy Inc. In this short form prospectus, all dollar figures are in Canadian dollars, unless indicated otherwise.

WOLVERTON SECURITIES LTD.

777 Dunsmuir Street, 17th Floor
P.O. Box 10115 Pacific Centre
Vancouver, British Columbia
V7Y 1J5

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed with the securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference and form an integral part of this short form prospectus:

1. the annual information form, dated May 29, 2008, for the year ended May 31, 2007;

2. the management information circular, dated October 9, 2007, prepared in connection with the November 2, 2007 annual general meeting of our shareholders;

3. the audited consolidated annual financial statements for the years ended May 31, 2007 and 2006, together with the notes thereto and the auditors' report thereon;

4. the Management's Discussion and Analysis of Financial Condition and Results of Operations for the financial year ended May 31, 2007;

5. the unaudited consolidated financial statements for the three and nine months ended February 29, 2008 and the notes thereon;

6. the Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and nine months ended February 29, 2008;

7. the material change report dated September 28, 2007 announcing that Cleanfield had completed the second tranche of a private placement on September 27, 2007 by issuing 136,000 common shares at $2.50 per share for total gross proceeds of $340,000;

8. the material change report dated September 17, 2007 announcing the financial results for the year ended May 31, 2007;

9. the material change report dated September 4, 2007 announcing that Cleanfield had completed the first tranche of a private placement on August 31, 2007 by issuing 400,000 common shares at $2.50 per share for total gross proceeds of $1,000,000;

10. the material change report dated June 28, 2007 announcing that Cleanfield had entered into a engagement letter with the Agent for a private placement of a minimum of 400,000 and a maximum of 600,000 common shares at $2.50 per share;

11. material change report dated May 21, 2008 announcing that Cleanfield had completed a private placement of $250,000 aggregate principal amount of Series A 12% secured convertible debentures to three non-arm's length parties;

12. material change report dated June 6, 2008 announcing the appointment of Mr. Henry (Hank) Kroeze as Chief Financial Officer, replacing Mr. Jim Collins;

13. material change report dated June 30, 2008 with respect to a potential manufacturing defect discovered by the Company in May 2008 in the shaft component of its products and the Company's decision to replace the shaft components in its products sold and existing inventory; and

14. material change report dated June 30, 2008 with respect to Company's engagement of a new shaft manufacturer to produce shaft components for its products.

Any document of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding confidential reports) and any business acquisition reports and any other disclosure documents filed by us with securities commissions or similar authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the completion or withdrawal of this Offering will be deemed to be incorporated by reference in and form an integral part of this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

FORWARD-LOOKING STATEMENTS

Some of the statements that we make in this short form prospectus and in the documents incorporated by reference herein constitute forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our, or our industry's actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any of our forward-looking statements. Forward-looking statements can generally be identified by the use of such forward-looking terminology such as "may", "will", "should", "could", "expects", "plans", "anticipates", "intends", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. We cannot guarantee future results, levels of activity, performance or achievement.

The information contained in this short form prospectus, including the information set forth under the heading "Risk Factors", identifies additional factors that could affect the operations, results and performance of Cleanfield. We urge you to carefully consider those factors.

These forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this short form prospectus are made as of the date of this short form prospectus and we undertake no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law. You should not place undue reliance on forward-looking statements.

THE COMPANY

Cleanfield Alternative Energy Inc. (the "**Company**" or "**Cleanfield**") was incorporated pursuant to the *Business Corporations Act* (British Columbia) on June 2, 2004 under the name "Strike Resources Ltd." The Company completed its initial public offering as a capital pool company ("**CPC**") on September 27, 2005, and the common shares of the Company became listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "SS.P" on September 28, 2005. On September 15, 2006, the Company completed its qualifying transaction (the "**Qualifying Transaction**") under TSXV Policy 2.4 – Capital Pool Companies (the "**CPC Policy**") by acquiring all the issued and outstanding securities of Cleanfield Energy Corp., a corporation existing under the *Canada Business Corporations Act* ("**CEC**"), and on September 20, 2006, the common shares of the Company were listed on the TSXV under the symbol "AIR". On September 15, 2006, the Company amended its name to "Cleanfield Alternative Energy Inc." CEC is a wholly-owned subsidiary of the Company.

Our registered office is located at c/o Hamilton Duncan Armstrong & Stewart LLP, Suite 1450, 13401 - 108th Avenue, Surrey, British Columbia, V3T 5T3. Our head office is located at 1404 Cormorant Road, Unit #6, Ancaster, Ontario, L9G 4V5.

The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

OUR BUSINESS

The Company, along with its strategic partners, is a developer, marketer and distributor of proprietary renewable energy products, focusing on harnessing wind energy and turning it into electricity.

At the time that the Company acquired CEC in 2006, CEC had developed a prototype modular vertical axis wind turbine ("**VAWT**") system, capable of producing 1.5kW, 2kW or 2.5kW of energy for residential homes, small/medium commercial buildings and government facilities, which system was undergoing testing and development. Since the completion of the Qualifying Transaction, the Company has primarily focused on bringing the newest model of the VAWT system, the V3.5 VAWT (the "**V3.5**"), to market. In the current fiscal year, the Company has commenced sales of the V3.5. The Company currently has no other products on the market.

The Company's business plan involves outsourcing the manufacturing of the V3.5 product components, assembling the V3.5 at installation sites, and selling the V3.5 both directly to consumers and through dealers and distributors in the North American market.

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value, of which 23,671,657 were issued and outstanding as at the date of this short form prospectus. Each common share carries the right for the holder thereof to receive notice of, attend and vote at any general meeting of shareholders of the Company. Each common share carries one vote. The Company has only one class of shares.

Holders of common shares are entitled to such dividends as may be declared by the Board from time to time and are entitled to participate in the liquidation, dissolution or winding up of the Company, or other distribution of its assets, pro rata based on the number of common shares held by them.

DIVIDENDS

We currently intend to retain available funds for the development and expansion of our business. Accordingly, we do not intend to pay dividends on our common shares in the foreseeable future.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at February 29, 2008 on an actual basis and as adjusted on a pro forma basis to give effect to the issuance of the Offered Securities offered hereby. This table should be read in conjunction with the audited consolidated financial statements of the Company for the year ended May 31, 2007, the unaudited financial statements of the Company for the nine-month period ended February 29, 2008 and the notes thereto included by reference in this short form prospectus.

			February 29, 2008 after giving effect to the Offering (unaudited)	
	Authorized	**February 29, 2008 (unaudited)**	**Amount Outstanding if Minimum Offering Sold**	**Amount Outstanding if Maximum Offering Sold**
Long Term Debt	N/A	Nil	$1,250,000[(1)]	$1,750,000[(1)]
Common Shares	Unlimited			
Basic		$4,279,693[(2)]	$4,303,843[(3)]	$4,803,843[(3)(4)]
		23,671,657	23,695,807[(3)]	24,320,807[(3)(4)]
Diluted		$8,101,339[(5)(6)]	$11,028,168[(7)(8)]	$12,663,168[(8)(9)]
		26,055,691	28,978,885[(7)]	30,750,135[(9)]

Notes:

(1) Includes an aggregate of $250,000 principal amount of 12% secured convertible debentures, Series A (the "**Series A Debentures**") issued by the Company on May 20, 2008 to three non-arm's length parties, who are officers and directors of the Company. The Series A Debentures have a term of 24 months, bear interest at a rate of 12% per annum calculated quarterly in arrears and may be prepaid in whole or in part on at least 10 business days notice without penalty or bonus. The Series A Debentures are secured by way of a guarantee by CEC and a security interest over the intellectual property of the CEC, however, such security will be subordinated to any security granted to future arm's length lenders, including the holders of the Series B Debentures. The interest will accrue and will be payable on maturity or on redemption, whichever occurs earlier. The principal amount on the Series A Debentures is convertible, at the option of the holder, into units of Cleanfield (the "**Series A Units**") at a price of $0.86 per Series A Unit. Each Series A Unit will be comprised of one common share of the Company (a "**Series A Unit Share**") and one whole common share purchase warrant (a "**Series A Unit Warrant**"). Each Series A Unit Warrant will entitle the holder to acquire one common share (a "**Series A Unit Warrant Share**") at a price of $0.86 per common share at any time prior to May 20, 2010.

(2) Net of issue costs.

(3) Assuming the issuance of 24,150 Fee Unit Shares.

(4) Assuming 625,000 Offered Shares are sold in the Maximum Offering.

(5) Assuming: (i) the exercise of 156,010 broker warrants issued to the Agent in the private placement completed contemporaneously with the Qualifying Transaction on September 15, 2006, excisable at $1.00 per share until September 15, 2008, (ii) the exercise of 40,000 broker warrants issued to the Agent in the first tranche of private placement completed on August 31, 2007 excisable at $2.50 per share until August 31, 2009; (iii) the exercise of 13,600 broker warrants issued to the Agent in the second tranche of private placement completed on September 27, 2007 excisable at $2.50 per share until September 27, 2009, and (iv) the exercise of 1,174,424 options granted under the Company's stock option plan, with an average exercise price of $1.50 per share and weighted average remaining term of 3.85 years; (v) the issuance of up to 1,000,000 common shares of the Company as incentive shares (the "**Two West Incentive Shares**") to West Energy Group Inc. ("**Two West**") pursuant to a non-exclusive distribution agreement effective as of February 13, 2008, as amended on May 22, 2008 (the "**Two West Agreement**") between CEC, the Company and Two West. Under the Two West Agreement, Two West will market, sell and install the Company's V3.5 VAWTs to specified client accounts within Canada and the United States. If Two West sells between 500 to 649 units within the first 18 months of the Two West Agreement, it will earn a bonus payment of $531,000 payable by the Company issuing up to 300,000 common shares at the per share price equal to the market price at the time of issue. If Two West sells between 650 to 799 units within the first 18 months of the Two West Agreement, it will earn an additional bonus payment of $177,000 payable by the Company issuing up to 100,000 common shares at the per share price equal to the market price at the time of issue. If Two West sells between 800 to 959 units within the first 18 months of the Two West Agreement, it will earn an additional bonus payment of $177,000 payable by the Company issuing up to 100,000 common shares at the per share price equal to the market price at the time of issue. For each 160 units sold by Two West above 960 units, Two West will earn an additional $88,500 bonus payment, payable by the Company issuing common shares at

the per share price equal to the market price at the time of issue. The total amount of the bonus payment must not exceed $1,770,000 and the total number of Two West Incentive Shares must not exceed 1,000,000;

(6) Before deduction of any issue costs for the convertible securities referred to in note (5) above. Assuming the Two West Incentive Shares are issued at $1.77 per share.

(7) Assuming (i) the exercise or conversion of the convertible securities referred to in note (5) above; (ii) the exercise of an additional 113,500 options granted under the Company's stock option plan on March 21, 2008 at an average exercise price of $1.75; (iii) the issuance of 290,697 Series A Unit Shares upon the conversion of the Series A Debentures; (iv) the issuance of 290,697 Series A Unit Warrant Shares upon the exercise of the Series A Unit Warrants; (v) the issuance of 1,000,000 Series B Unit Shares upon the conversion of $1,000,000 principal amount of the Series B Debentures if Minimum Offering is sold; (vi) the issuance of 1,000,000 Series B Unit Warrant Shares upon the exercise of the 1,000,000 Series B Unit Warrants if Minimum Offering is sold; (vii) the issuance of 90,000 CO Unit Shares upon the exercise of the Compensation Option if Minimum Offering is sold; (viii) the issuance of 90,000 CO Unit Warrant Shares upon the exercise of the 90,000 CO Unit Warrants if Minimum Offering is sold; and (ix) the issuance of the 24,150 Fee Warrant Shares.

(8) Before deducting issue costs.

(9) Assuming (i) the exercise or conversion of the convertible securities referred to in note (5) above; (ii) the exercise of an additional 113,500 options granted under the Company's stock option plan on March 21, 2008 at an average exercise price of $1.75; (iii) the issuance of 290,697 Series A Unit Shares upon the conversion of the Series A Debentures; (iv) the issuance of 290,697 Series A Unit Warrant Shares upon the exercise of the Series A Unit Warrants; (v) the issuance of 1,500,000 Series B Unit Shares upon the conversion of $1,500,000 principal amount of the Series B Debentures if Maximum Offering is sold; (vi) the issuance of 1,500,000 Series B Unit Warrant Shares upon the exercise of the 1,500,000 Series B Unit Warrants if Maximum Offering is sold; (vii) the issuance of 135,000 CO Unit Shares upon the exercise of the Compensation Option if Maximum Offering is sold; (viii) the issuance of 135,000 CO Unit Warrant Shares upon the exercise of the 135,000 CO Unit Warrants if Maximum Offering is sold; (ix) the issuance of 56,250 BW Shares upon the exercise of the Broker Warrants if Maximum Offering is sold; and (x) the issuance of the 24,150 Fee Warrant Shares.

USE OF PROCEEDS

GENERAL

We estimate that the net proceeds from the sale of the Offered Securities we are offering will be approximately $750,000 in case of Minimum Offering, or $1,664,753 in case of Maximum Offering, in each case after deducting the Agent's Fees, the balance of the corporate finance fees (assuming paid in cash) and estimated offering expenses payable by us in the amount of $145,850 in case of the Minimum Offering or $151,097 in case of the Maximum Offering.

We intend to use the net proceeds of this Offering as follows:

Principal Purposes	Minimum Offering	Maximum Offering
Inventory	$245,000	$1,095,000
Other working capital and general corporate purposes	$505,000	$569,753
Total:	$750,000	$1,664,753

Proceeds designated for inventory will be used to source major components of the V3.5 including the blades, struts, shaft, generator and inverter. Proceeds designated for working capital and general corporate purposes will be used to fund current working capital deficiencies and for selling and general and administrative costs such as marketing and advertising, wages and salary, general and administration and research and development.

For the year ended May 31, 2007, the Company reported negative cash flows from operations totalling $2,245,666. Until the V3.5 reaches commercial production, the Company expects to continue to experience negative operating cash flows The net proceeds will be used to fund these anticipated negative operating cash flows through the financing of the expected inventory requirements to fill existing and future purchase orders and the financing of other working capital requirements. The net proceeds of the Offering (assuming the Minimum Offering is sold) will allow the Company to continue its operations for approximately three months to October 2008, assuming no additional financing, no sale of any V3.5 unit and a reduction in overhead expenses to the minimal spending required to put the Company in the position to commence commercial sales of V3.5 units and to operate the Company as a going concern. The Company expects to meet all necessary milestones by October 2008 to commence commercial sales of V3.5 units, including obtaining the UL certification required for sales in the United States. See "*Use of Proceeds-Milestones Required for Commercial Sale of V3.5*" below. Once the Company commences its commercial sales of its V3.5 units, the Company is expected to fill its existing orders for 78 V3.5 units and the revenue from the sale of these units is expected to finance the Company's operations for a further seven months, assuming no additional financing, no further sales of V3.5 units and a further reduction in overhead expenses to the minimal spending required to fulfill the existing 78 orders and to operate the Company as a going concern. The timing and amount of our actual expenditures will be based on many factors, including cash flows and the growth of our business. Until we use the net proceeds of this Offering for the above purposes, we intend to invest the funds in short-term, investment grade, interest-bearing securities, in government securities or in bank accounts. We cannot predict whether the proceeds invested will yield a favourable return. Actual use of the proceeds will vary depending on the Corporation's needs from time to time and results of operations and will be subject to the discretion of management. See "*Risk Factors*".

OTHER SOURCES OF FUNDS

The total other funds available to be used to achieve the principal purposes are obtained through equity and debt financings, proceeds from exercise of warrants and options, cash generated from operations, and investment income. During the fiscal year ended May 31, 2007, the Company raised $2,500,000 gross proceeds from the issuance of 2,500,000 common shares in a private placement completed on September 15, 2006, received $7,500 from the exercise of 50,000 stock options and $68,990 from the exercise of 68,990 warrants, earned gross revenue of $92,476 and interest income of $29,277. During the nine month period ended February 29, 2008, the Company raised $1,340,000 gross proceeds from the issuance of 536,000 common shares in a private placement completed on August 31, 2007 and September 27, 2007, received $102,500 from the exercise of 683,333 stock options and $75,000 from the exercise of 500,000 warrants, earned gross revenue of $41,139 and interest income of $38,250. On May 20, 2008, the Company obtained debt financing of $250,000 by issuing the Series A Debentures.

MILESTONES REQUIRED FOR COMMERCIAL SALE OF V3.5

The Company will need to achieve certain milestones before it can reach commercial sales of the V3.5, which are discussed below. Prior to reaching these milestones, the Company was only permitted to sell a very limited number of its products for research and demonstration purposes. Once these milestones are achieved, the Company expects to reach the commercialization stage to fully market and sell the V3.5 products.

Safety Certification Milestone

Safety regulations in North America make it mandatory for electrical and electronic products to be approved by a nationally accredited certification body in Canada, and by a nationally recognized testing laboratory in the United States. Certification can be provided by a number of accredited organizations that are recognized by the regulatory authorities.

Canadian Certification

In Canada, certification can be provided by QPS Evaluation Services Inc. ("**QPS**"). QPS is accredited by the Standards Council of Canada as a certification body and recognized by the electrical regulatory authority having jurisdiction in each of the provinces and territories. Products certified by QPS are eligible to bear the QPS certification mark or label which are accepted by all the regulatory authorities across Canada.

The Company obtained a QPS certification for its first generation inverter and generator in September 2007 for a limited number of units primarily for research and demonstration purposes. The certification for the first generation was obtained to facilitate the certification for the second generation inverter which was designed for commercial purposes. The Company obtained its QPS certification for its second generation inverter in June 2008. Accordingly, the Company now has the certification to sell its second generation V3.5 units in Canada commercially.

US Certification

In the U.S. many municipalities require a product to be tested by a nationally recognized testing laboratory before it can be sold in their area. Underwriters Laboratories Inc. ("**UL**") is one of such nationally recognized testing laboratory in the United States, with its product certification programs accredited by the U.S. Occupational Safety & Health Administration, the American National Standards Institute, and the Standards Council of Canada.

Currently, the V3.5 sales orders can not be fulfilled in the United States on a commercial basis as it has not yet obtained its UL certification. However, V3.5 turbines can be installed for research purposes in the United States to a limited number of institutions. In order to achieve full scale commercialization of the V3.5 in the United States, the Company has proceeded with applying for an UL certification for V3.5, which certification the Company expects to obtain in 12 to 18 weeks from the date of this short form prospectus. The Company has hired CSA International to conduct the testing required to achieve UL certification. The Company has spent approximately $53,000 in connection with the UL certification and estimates that approximately $38,000 will be required complete the UL certification which the Company expects to fund from operational revenues. While Cleanfield believes that it has the skills and resources necessary to obtain its UL certification and to accomplish its stated objectives, participation in the renewable energy industry has a number of inherent risks. See "*Risk Factors*".

Replacing Shaft Components

In May 2008, the Company discovered a potential manufacturing defect in the shaft component part of its V3.5 Vertical Axis Wind Turbine. As a safety precaution, Cleanfield proceeded to replace all affected components with new ones and engaged a new shaft manufacturer in June 2008. It is expected that the replacement of the existing shafts will take approximately five (5) weeks from the date of this short form prospectus. Once the shaft components are replaced, the Company will be able to fulfil its Canadian orders, and the U.S. orders following obtaining the UL certification in the United States.

ORDERS FOR V3.5 UNITS

As at June 30, 2008 the Company had a total sales book order of 78 V3.5 units, comprising of 62 units for Canada and 16 units for the United States. The sales on order can be cancelled until the point of delivery. Subject to obtaining the milestones discussed above, the Company will utilize its existing inventory to fulfill existing sales orders with inventory acquired from the net proceeds fulfilling the remainder of the existing sales orders and assisting in fulfilling future orders.

The use of the net proceeds of the Offering by the Company is consistent with Cleanfield's stated business objectives of developing, marketing and distributing proprietary renewable energy products, focusing on harnessing wind energy and turning it into electricity. In particular, the Company is currently focused on bringing the newest model of the vertical axis wind turbine system, the V3.5 to market. The net proceeds of the Offering will be used to facilitate the Company's achievement of this current business objective.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement dated July 8, 2008 between the Company and the Agent, the Company has appointed the Agent to act as its agent to offer for distribution in each of the provinces of British Columbia, Alberta and Ontario and other jurisdictions where they may be lawfully offered for sale, on a commercial reasonable efforts basis, of a minimum of $1,000,000 and a maximum of $1,500,000 principal amount of Series B Debentures at a price of $100 per $100 principal amount of Series B Debenture and up to $500,000 (625,000) of Offered Shares at the price of $0.80 per Offered Share, payable in cash to the Company against delivery of the certificates representing the Series B Debentures and the Offered Shares, subject to the terms and conditions set out in the Agency Agreement. The Agent may enter into selling arrangements with other investment dealers at no additional cost to the Company.

The Agent will be paid a cash commission equal to 8% of the gross proceeds from the Offering, payable on Closing. In addition, the Agent is entitled to a $30,000 corporate finance fee (plus GST) of which $7,000 has been paid by the Company to the Agent and the remainder of $23,000, or $24,150 inclusive of GST, will be payable on Closing, at the option of the Agent, in either cash, or in units of the Company (the "**Fee Units**") at $1.00 per Fee Unit. Each Fee Unit will consist of one common share of the Company (a "**Fee Unit Share**") and one common share purchase warrant (a "**Fee Unit Warrant**"). Each Fee Unit Warrant will entitle the holder to purchase one additional common share of the Company (a "**Fee Unit Warrant Share**") at $1.00 per Fee Unit Warrant Share at any time during 24 months after the Closing Date.

The Agent will also receive a compensation option (the "**Compensation Option**") to acquire that number of units (the "**CO Units**") equal to 9% of the number of Series B Units issuable upon the conversion of the Series B Debentures sold, exercisable at $1.00 per CO Unit at any time during 24 months after the Closing Date. Each CO Unit will be comprised of one common share of the Company (a "**CO Unit Share**") and one common share purchase warrant (a "**CO Unit Warrant**"). Each CO Unit Warrant will entitle the holder to purchase one additional common share of the Company (a "**CO Unit Warrant Share**") at $1.00 per CO Unit Warrant Share at any time during 24 months after the Closing Date.

Further, the Agent will receive broker warrants (the "**Broker Warrants**") to acquire that number of common shares of the Company (the "**BW Shares**") equal to 9% of the number of Offered Shares sold, exercisable at $0.80 per BW Share at any time during 24 months after the Closing Date.

This short form prospectus qualifies the distribution of the Fee Units and the Compensation Option, provided that the aggregate number of Fee Units and the CO Units will not exceed 10% of the number of Series B Units issuable upon the conversion of the Series B Debentures sold. Any Fee Units and any portion of the Compensation Option issuable to the Agent in connection with the Offering in excess of such 10% will be issued pursuant to an exemption from the prospectus requirements and will be subject to a four month hold period from the Closing Date. This short form prospectus qualifies the distribution of the Broker Warrants.

The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets or upon the occurrence of certain stated events. The offering price for the Offered Shares, the conversion price for the Series B Debentures and the exercise price for the Series B Unit Warrants, the Compensation Option and the Broker Unit Warrants were determined by negotiation between the Company and the Agent.

Concurrently to the Offering, the Company has applied to list the Offered Shares distributed under this short form prospectus as well as the Series B Unit Shares, the Series B Unit Warrant Shares, the Broker Unit Shares and the Broker Unit Warrant Shares on the TSXV. Listing will be subject to the Company fulfilling all of the requirements of the TSXV.

The Agent hereby conditionally offers a minimum of $1,000,000 and a maximum of $1,500,000 principal amount of Series B Debentures and a maximum of 625,000 Offered Shares ($500,000) on a commercially reasonable efforts basis, subject to prior sales, if, as and when issued. The closing of the Offering is conditional upon, among other things, the receipt of the minimum gross proceeds from the sale of the Series B Debentures. If the Minimum Offering has not been subscribed for within 90 days from the issuance of a receipt for this short form prospectus, or if a Subscriber's subscription is not accepted in full, the Agent shall promptly return the subscription funds (or the portion that has not been accepted) to the subscriber who forwarded them, without interest or deduction, unless such subscriber has otherwise instructed the Agent.

Subscriptions for the Offered Securities will be received subject to rejection or allotment by the Company, in whole or in part and the right is reserved to close the subscription books at any time without notice. Definitive certificates representing the Offered Securities will be available for delivery at the Closing of this Offering.

None of the Offered Securities have been or will be registered under the 1933 Act or any securities "blue sky" laws of any of the states of the United States. Accordingly, the Offered Securities may not be offered or sold within the United States or to, or for the account or benefit of, any "U.S. person" as such term is defined in Regulation S under the 1933 Act, unless registered under the 1933 and applicable state securities law or in accordance with an exemption from the registration requirements of the 1933 Act and applicable state securities laws.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Securities offered hereby in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Securities within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirement of the 1933 Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the 1933 Act.

Pursuant to policy statements of certain securities regulators, the Agent may not, throughout the period of distribution under this short form prospectus, bid for or purchase our common shares. The foregoing restriction is subject to certain exceptions. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, our common shares. Pursuant to the first mentioned exception, in connection with this Offering, the Agent may over allot or effect transactions that stabilize or maintain the market price of our common shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

EARNINGS COVERAGE RATIO

Our interest requirements, after giving effect to the issuance of the Series B Debentures assuming the Maximum Offering and taking into account of the Series A Debentures, would have been $210,000 for the fiscal year ended May 31, 2007 and $157,500 for the nine month period ended February 29, 2008. We had a loss before income taxes for the fiscal year ended May 31, 2007 and for the nine month period ended February 29, 2008 of $2,481,576 and $2,206,175, respectively. Accordingly, after giving effect to the issuance of the Series B Debentures and taking into account of the issuance of the Series A Debentures, we would have had a pro forma deficiency of earnings available to cover interest requirements as indicated for the year ended May 31, 2007 and the nine month period ended February 29, 2008. An increase of $2,691,576 in earnings would have been necessary to produce an earnings coverage ratio of one to one for the fiscal year ended May 31, 2007. An increase of $2,363,675 would have been necessary to produce an earnings coverage ratio of one to one for the nine month period ended February 29, 2008.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

THE OFFERING

The Offering consists of a minimum of $1,000,000 and a maximum of $1,500,000 principal amount of the Series B Debentures at a price of $100 per $100 principal amount of Series B Debenture and a maximum of $500,000 (625,000) of Offered Shares at a price of $0.80 per share.

DESCRIPTION OF SERIES B DEBENTURES

The Series B Debentures will be issued under an indenture (the "**Series B Debenture Indenture**"), to be dated as of the Closing Date, among the Company, CEC and Olympia Trust Company (the "**Series B Debenture Trustee**"). The following is a description of the terms of the Series B Debenture Indenture, a copy of which will be filed with the Canadian securities regulatory authorities. The following summary of certain provisions of the Series B Debenture Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the Series B Debenture Indenture.

General

The Series B Debentures will be issued under the Series B Debenture Indenture. The Series B Debentures authorized for issue will be limited to $1,500,000.

The Series B Debentures will be dated as of the Closing Date and will be issuable only in denominations of $100 and integral multiples thereof. The Series B Debentures will mature on the Maturity Date.

The Series B Debentures will bear interest from and including the date of issue at an annual rate of 12% calculated and payable quarterly in arrears, on the last business day of each three month period after the issuance. The first interest payment will include interest accrued from the Closing Date up to, but excluding, the first interest payment date. Interest will accrue on overdue interest at the same rate.

The principal amount of the Series B Debentures will be payable in lawful money of Canada. See "*Description of the Series B Debentures – Payment upon Redemption or Maturity*". The interest on the Series B Debentures will be payable in lawful money of Canada. Payment of interest to a non-resident holder of Series B Debentures may be subject to Canadian withholding tax.

The Series B Debentures will be direct obligations of the Company and will be secured by a general security granted by the Company over its real and personal property, a guarantee from CEC and a general security granted by CEC over CEC's real and personal property. The general securities and CEC guarantee will be embodied in the Series B Debenture Indenture. The Series B Debentures will rank senior to the obligations of the Company under the Series A Debentures and certain other indebtedness of the Company. The Series B Debenture Indenture will not restrict the Company from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness or other financing which either constitutes a Permitted Encumbrance (as further described under "Further Indebtedness" below) or rank junior to the Series B Debentures.

Conversion Privilege

The Series B Debentures will be convertible at the holder's option into the Series B Units at any time prior to the close of business on the Maturity Date or, if called for redemption, on the 5th business day immediately preceding the date fixed for redemption at the Conversion Price, being a ratio of 100 Series B Units per $100 principal amount of Series B Debentures. Holders converting their Series B Debentures will receive accrued and unpaid interest thereon up to, but excluding, the date of conversion. Holders converting their Series B Debentures shall become holders of record of Series B Unit Shares and the Series B Unit Warrants of the Company on the business day immediately after the conversion date. Notwithstanding the foregoing, no Series B Debentures may be converted on the date selected by the Company for redemption of any Series B Debentures or during the five business days preceding and including each interest payment date, as the registers of the Series B Debenture Trustee will be closed during such periods.

The Series B Debenture Indenture will also provide that the Conversion Price is subject to adjustment in certain events including:

(i) the subdivision or consolidation of the common shares or the issue of common shares to all or substantially all of the holders of common shares by way of a stock dividend, other than an issue of common shares to such holders at the election of the holders to receive shares in lieu of dividend or distribution or as a dividend paid in the ordinary course;

(ii) the issue of rights, options or warrants to all or substantially all the holders of common shares entitling them within a period of no longer than 45 days after such date of issue to acquire (i) common shares at less than 95% of the "Current Market Price" (as defined in the Series B Debenture Indenture) of the common shares or (ii) securities convertible into common shares where the conversion price at the date of issue of such convertible securities is less than 95% of the "Current Market Price" of the common shares; and

(iii) the distribution to all or substantially all of the holders of common shares of shares of any other class or of rights, options, or warrants (other than those referred to above) or of evidences of indebtedness or of assets, excluding an issue of common shares to such holders at the election of the holders to receive shares in lieu of dividend or distribution or as a dividend paid in the ordinary course.

There will be no adjustment of the Conversion Price if the holders of the Series B Debentures ("**Series B Debentureholders**") are allowed to participate as though they had converted their Series B Debentures prior to the applicable record date or effective date. The Company will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

"**Current Market Price**" will be defined in the Series B Debenture Indenture to mean at any date the volume weighted average trading price per common share for the 20 trading days ending on the fifth trading day preceding such date on the principal stock exchange on which the common shares are then listed.

In the case of a reclassification or a capital reorganization (other than a change resulting from consolidation or subdivision) of the common shares or in the case of any consolidation, amalgamation or merger of the Company with or into any other entity, or in the case of a sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other entity, or a liquidation, dissolution, winding-up of the Company or other similar transaction, the terms of the conversion privilege shall be adjusted so that each holder of a Series B Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction, be entitled to receive the number of common shares, other securities or consideration such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Series B Units into which the Series B Debenture was convertible immediately prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction.

The Company will also covenant in the Series B Debenture Indenture that, during the period in which the Series B Debentures are exercisable, it will give public notice of certain stated events at least 21 days prior to the record date or the effective date, as the case may be, of such events.

No fractional Series B Units will be issued on any conversion but in lieu thereof the Company shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest for an amount of $5.00 or more.

Redemption and Purchase

The Series B Debentures may be redeemed in whole or in part from time to time at the option of the Company on not less than 30 days' prior written notice at a price equal to $100 per Series B Debenture (the "**Redemption Price**") plus accrued and unpaid interest thereon.

In the case of redemption of less than all of the Series B Debentures, the Series B Debentures to be redeemed will be selected by the Series B Debenture Trustee on a pro rata basis or in such other manner as the Series B Debenture Trustee deems equitable.

Payment upon Redemption or Maturity

On redemption or at maturity, the Company will repay the indebtedness represented by the Series B Debentures by paying to the Series B Debenture Trustee in lawful money of Canada an amount equal to the aggregate Redemption Price of the outstanding Series B Debentures which are to be redeemed or the aggregate principal amount of the outstanding Series B Debentures which have matured, together with accrued and unpaid interest thereon.

Security and Guarantee

The Series B Debentures will be secured by a general security from the Company over all present and after-acquired rights, title and interests of the Company in and to all real and personal property, and a guarantee (the "**CEC Guarantee**") by CEC. The CEC Guarantee will be secured by a general security from CEC over all present and after-acquired rights, title and interests of CEC in and to all real and personal property.

Ranking

The Series B Debentures will be secured indebtedness of the Company and will rank senior to the indebtedness of the Company under the Series A Debentures. Additionally, the Series B Debentures will rank senior to any unsecured indebtedness of the Company (including trade payables).

The holders of the Series A Debentures have agreed to subordinate the Series A Debentures and security provided therefor in favour of the holders of the Series B Debentures. The indebtedness of CEC under the CEC Guarantee will be secured indebtedness of CEC and will rank junior to all Senior Indebtedness of CEC, but will rank senior to any unsecured indebtedness of CEC (including trade payables). "**Senior Indebtedness**" will be defined in the Series B Debenture Indenture as the indebtedness of CEC: (i) to a chartered bank for two company credit cards secured by a guaranteed investment certificate of $10,000: (ii) indebtedness by CEC to a equipment leasing company for certain material handling equipment and computer equipment.

The Series B Debenture Indenture will provide that the Trustee will irrevocably agree not to challenge the enforceability of the security granted to the holders of the Senior Indebtedness, and not to object to any proposal by a holder of any Senior Indebtedness to accept the relevant collateral subject to that senior security in satisfaction of the Senior Indebtedness secured by the senior security.

Further Indebtedness

The Series B Debenture Indenture will not restrict the Company or CEC from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging their real or personal property or properties to secure any indebtedness or other financing which either constitutes a Permitted Encumbrance (as further described under "Further Indebtedness" below) or rank junior to the Series B Debentures. "**Permitted Encumbrances**" will be defined in the Series B Debenture Indenture as: (a) any lien imposed by any governmental authority for taxes, assessments or charges not yet due, that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the debtor in accordance with generally accepted accounting principles (b) any carrier's, warehousemen's, mechanic's, construction, materialmen's, repairmen's or other like lien arising in the ordinary course of business provided that the obligations secured by such lien are not overdue for a period of more than 30 days, or are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto are maintained on the books of the debtor in accordance with generally accepted accounting principles; (c) any lien or deposit to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature in the ordinary course of business; (d) any lien to secure obligations of the debtor under a foreign currency or an interest rate hedge agreement entered into in the ordinary course of business; (e) any purchase money security interest created or granted after the Closing Date on equipment that the debtor uses in its operation and which is not for resale, lease or rental, to secure the unpaid purchase price on such equipment or value given to finance the acquisition of such equipment, to the extent that such security interest is limited the equipment being financed and the indebtedness secured thereby does not exceed the value given by the holder of such security interest that is applied to acquire such equipment; (f) liens on equipment that the debtor uses in its operation and which is not for resale, lease or rental, securing capital lease obligations or operating lease obligations incurred or assumed in the ordinary course of business, to the extent that such lien is limited to the equipment being leased and the indebtedness secured by such lien does not exceed the value given by the lessor of such equipment; and (g) the extension, renewal or refinancing of any lien permitted pursuant to the foregoing paragraphs (a) to (f), provided that the amount secured thereby does not exceed the amount secured immediately prior to such extension, renewal or refinancing and the lien pertaining to such extension, renewal or refinancing is a lien within paragraphs (a) to (f).

Events of Default

The Series B Debenture Indenture will provide that an event of default ("**Event of Default**") in respect of the Series B Debentures includes: (i) failure for 30 days to pay interest on the Series B Debentures when due; (ii) failure for 30 days to pay principal on the Series B Debentures when due, whether at maturity, upon redemption, by acceleration or otherwise; (iii) failure for 15 days to maintain a reserve of common shares at least equal to the common shares issuable upon the conversion in full of the outstanding Series B Debentures; (iv) an order ceasing or suspending trading in common shares of the Company has been issued by a securities regulatory authority or the TSX-V or other exchange or quotation system on which common shares of the Company may then be listed or quoted (other than temporary suspension of trading solely to permit dissemination of material information) which order remains uncured for a period of 30 days; (v) the common shares being delisted from the TSX-V without being listed on another stock exchange or quoted on another public market place; (vi) an event of default having occurred in respect of any indebtedness of the Company or CEC exceeding $25,000 and repayment of such indebtedness having been accelerated and such acceleration is not stayed, rescinded or annulled within 10 days; (vii) a judgment or arbitral award of more than $200,000 being made against the Company or CEC and such judgment or award continues undischarged, unstayed or unbonded for 30 days; (viii) material default in the observance or performance of any other covenant or condition of the Series B Debenture Indenture and continuance of such default for a period of 30 days**;** (ix) CEC ceasing to be subsidiary of the Company; (x) certain events of bankruptcy, insolvency, compromise or reorganization of the Company or CEC under bankruptcy or insolvency laws; or (xii) certain enforcement proceeding being commenced against assets of the Company or CEC. If an Event of Default has occurred and is continuing, the Series B Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of the aggregate principal amount of Series B Debentures then outstanding, subject to the provisions of Section 8.4 of the Series B Debenture Indenture, declare the principal of and interest on all outstanding Series B Debentures to be immediately due and payable. In certain cases, the holders of 66⅔% of the aggregate principal amount of the Series B Debentures then outstanding may, on behalf of the holders of all Series B Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Modification

The rights of the Series B Debentureholders that may be issued under the Series B Debenture Indenture may be modified in accordance with the terms of the Series B Debenture Indenture. For that purpose, among others, the Series B Debenture Indenture will contain certain provisions which will make binding on all Series B Debentureholders resolutions passed at meetings of the Series B Debentureholders by votes cast thereat by holders of not less than 66⅔% of the aggregate principal amount of the Series B Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the aggregate principal amount of the Series B Debentures.

DESCRIPTION OF SERIES B UNIT WARRANTS

The Series B Unit Warrants will be issued under a warrant indenture (the "**Warrant Indenture**"), to be dated as of the Closing Date, between the Company and Olympia Trust Company (the "**Warrant Agent**"). The following is a description of the terms of the Warrant Indenture, a copy of which will be filed with the Canadian securities regulatory authorities. The following summary of certain provisions of the Warrant Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the Warrant Indenture.

General

The Series B Unit Warrants will be issued under the Warrant Indenture upon the conversion of any of the Series B Debentures. Each Series B Unit Warrant will entitle the holder thereof to purchase one common share at a price of $1.00 until the close of business on the second anniversary of the Closing Date. The Series B Unit Warrants will be separable from the corresponding Series B Unit Shares immediately upon issue. The Series B Unit Warrants will not be posted for trading on any recognized stock exchange.

The Warrant Indenture will contain provisions to the effect that on and after the issue date of the Warrants, in the event of any subdivision, consolidation, change, reclassification or alteration of the common shares of the Company or in the event of the consolidation, amalgamation or merger of the Company with another company, a proportionate adjustment or change will be made in the number and kind of securities issuable on the exercise of the Series B Unit Warrants.

The Warrant Indenture will also provide that the exercise price per common share is subject to adjustment in certain events occurred on and after the applicable issue dates of the Warrants including:

(i) the subdivision or consolidation of the common shares or the issue of common shares to all or substantially all of the holders of common shares by way of a stock dividend, other than an issue of common shares to such holders at the election of the holders to receive shares in lieu of dividend or distribution or as a dividend paid in the ordinary course;

(ii) the issue of rights, options or warrants to all or substantially all the holders of common shares entitling them within a period of no longer than 45 days after such date of issue to acquire (i) common shares at less than 95% of the "Current Market Price" (as defined in the Warrant Indenture) of the common shares or (ii) securities convertible into common shares where the conversion price at the date of issue of such convertible securities is less than 95% of the "Current Market Price" of the common shares; and

(iii) the distribution to all or substantially all of the holders of common shares of shares of any other class or of rights, options, or warrants (other than those referred to above) or of evidences of indebtedness or of assets, excluding an issue of common shares to such holders at the election of the holders to receive shares in lieu of dividend or distribution or as a dividend paid in the ordinary course.

No adjustment in the exercise price of the Series B Unit Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price of the Series B Unit Warrants by at least 1%.

"**Current Market Price**" will be defined in the Warrant Indenture to mean at any date the volume weighted average trading price per common share for the 20 trading days ending on the fifth trading day preceding such date on the principal stock exchange on which the common shares are then listed.

The Company will also covenant in the Warrant Indenture that, during the period in which the Series B Unit Warrants are exercisable, it will give public notice of certain stated events at least 21 days prior to the record date or the effective date, as the case may be, of such events.

To the extent that the holder of a Warrant would otherwise be entitled to purchase a fraction of a common share, such right may be exercised only in combination with other rights which, in the aggregate, entitle the holder to purchase a whole number of common shares. No adjustments as to dividends will be made upon any exercise of Series B Unit Warrants. Holders of Series B Unit Warrants do not have any voting or pre-emptive rights or any other rights as shareholders of the Company.

Amendments

From time to time the Company and the Warrant Agent, without the consent of the holders of the Series B Unit Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the interests of the holders of the Series B Unit Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Series B Unit Warrants may only be made by way of "extraordinary resolution" which is defined as a resolution passed at a meeting of the holders of Warrants at which there are holders of Series B Unit Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Series B Unit Warrants and passed by the affirmative vote of holders of Warrants representing not less than $66^{2/3}$% of the aggregate number of Series B Unit Warrants then outstanding represented at the meeting or rendered by instruments in writing signed by the holders of not less than $66^{2/3}$% of the aggregate number of Series B Unit Warrants then outstanding.

DESCRIPTION OF THE OFFERED SHARES

Refer to "Description of Share Capital" for a description of the authorized share capital of the Company and material attributes and characterises of the Offered Shares.

PRIOR SALES

Other than as set out below, during the 12 months before the date of this short form prospectus, the Company had no prior sales of any securities that are outstanding but not listed or quoted on a marketplace.

Date of Issue	Number and Type of Securities Issued
July 20, 2007	553,000 common shares(1)
August 31, 2007	400,000 common shares(2)
August 31, 2007	40,000 broker warrants(3)
September 27, 2007	136,000 common shares(4)
September 27, 2007	13,600 broker warrants(5)
January 4, 2008	130,000 common shares(6)
January 31, 2008	249,424 stock options(7)
February 13, 2008	Two West Commitment to issue up to 1,000,000 common shares(8)
February 25, 2008	333 common shares(9)
March 21, 2008	113,500 stock options(10)
May 20, 2008	$250,000 principal amount of Series A Debentures(11)

Notes:

(1) Issued upon exercise of 553,000 options at $0.15 per share.

(2) Issued in a first tranche of a private placement of common shares at $2.50 per share.

(3) Broker warrants issued to the Agent, each entitling the holder to purchase one common share at $2.50 per share until August 31, 2009.

(4) Issued in a second tranche of a private placement of common shares at $2.50 per share.

(5) Broker Warrants issued to the Agent, each entitling the holder to purchase one common share at $2.50 per share until September 27, 2009.

(6) Issued upon exercise of 130,000 options at $0.15 per share.

(7) Options granted to consultants of the Company exercisable at $1.75 with respect to 95,049 options, at $1.40 with respect to 50,000 options, at $2.00 with respect to 89,375 options and at $2.50 with respect to 15,000 options. All options vest over three years and expire on November 20, 2011.

(8) See Note 5 to the consolidated capitalization table under "Consolidated Capitalization" for details.

(9) Issued upon exercise of 333 options at $0.15 per share.

(10) Comprised of (i) 100,000 options granted to employees of the Company exercisable at a price of $1.78 with respect to 90,000 options and $1.43 with respect to 10,000 options, all vesting over four years at 25% per year, and (ii) 13,500 options granted to consultants exercisable at a price of $1.78 and vest over a period of 3 years. All options expire on March 21, 2013.

(11) See Note 1 to the consolidated capitalization table under "Consolidated Capitalization" for details.

TRADING PRICE AND VOLUME

On September 28, 2005, the common shares of the Company were listed for trading on the TSX-V under the symbol "SS.P". Since September 20, 2006, the common shares of the Company have been listed for trading on the TSX-V under the trading symbol "AIR".

The following table sets out the high and low trading prices, and volume of shares traded, for the 12 month period from July 1, 2007 to June 30, 2008:

Period	High	Low	Volume
July 2007	2.66	2.44	156.259
August 2007	2.63	2.15	60,542
September 2007	2.50	2.03	34,200
October 2007	2.85	1.95	99,890
November 2007	2.24	1.85	127,597
December 2007	2.04	1.72	48,850
January 2008	2.08	1.68	49,422
February 2008	2.00	1.55	92,664
March 2008	1.95	1.60	18,750
April 2008	1.75	0.52	101,725
May 2008	1.15	0.80	125,760
June 2008	1.01	0.89	43,000

CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

In the opinion of Fogler, Rubinoff LLP, counsel to Cleanfield, the following summary describes, as of the date hereof, the principal Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada) and the regulations thereunder ("**Tax Act**") generally applicable to a purchaser of Offered Securities pursuant to this Offering who, for purposes of the Tax Act, and at all relevant times, holds the Series B Debentures, Series B Unit Warrants (acquired on conversion of the Series B Debentures) and common shares (acquired as Offered Shares in the Offering, or acquired on the conversion of the Series B Debentures or on the exercise of the Series B Unit Warrants) as capital property, deals at arm's length with Cleanfield and is not affiliated with Cleanfield or with any person not dealing at arm's length with Cleanfield ("**Holder**").

Generally, the Series B Debentures, Series B Unit Warrants (acquired on conversion of the Series B Debentures) and common shares (acquired as Offered Shares in the Offering, or acquired on the conversion of the Series B Debentures or on the exercise of the Series B Unit Warrants) will be considered to be capital property to a Holder provided the Holder does not hold them in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Canadian Holders (as defined below) who might not otherwise be considered to hold their Series B Debentures, Series B Unit Warrants (acquired on conversion of the Series B Debentures) and common shares (acquired as Offered Shares in the Offering, or acquired on the conversion of the Series B Debentures or on the exercise of the Series B Unit Warrants) as capital property may, in certain circumstances, be entitled to have them and other "Canadian securities" (as defined in the Tax Act) be treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based upon the facts set out in this short form prospectus, the provisions of the Tax Act in force as of the date of hereof, Counsels' understanding of the current published administrative and assessing practices of the Canada Revenue Agency ("**CRA**") and takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this short form prospectus ("**Proposed Amendments**")**,** the *Canada-United States Income Tax Convention (1980)* ("**Treaty**") in force as of the date of this short form prospectus.

On September 21, 2007, Canada and the United States signed the fifth protocol amending the Treaty ("**Protocol**")**.** The Protocol contains provisions that address among other things, elimination of interest withholding tax, hybrid entities and limitation on benefits. The Protocol will enter into force on the later of January 1, 2008, and the date that both countries have provided notification that their applicable procedures have been satisfied.

No assurance can be given that the CRA will not change its administrative or assessing practices or that the Proposed Amendments or the Protocol will be enacted as currently proposed or at all. Except for the Proposed Amendments and the Protocol, this summary does not take into account or anticipate any changes in law or in the administrative or assessing policies of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is not applicable to a Holder that is either a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules) or a "specified financial institution", a Holder to whom subsection 261(4) of the Tax Act applies or a Holder, an interest in which is a "tax shelter investment" (all as defined in the Tax Act). **Any such Holder should consult its own tax advisor with respect to the purchase of the Offered Securities.**

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences of purchasing the Offered Securities. Accordingly, this summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser of Offered Securities, and no representations with respect to the income tax consequences to any Holder or prospective purchaser are made. Consequently, prospective purchasers of the Offered Securities should consult their own tax advisors for advice with respect to the tax consequences to them, having regard to their particular circumstances.

Holders who are Residents of Canada

The following portion of the summary is applicable to a Holder who, for the purpose of the Tax Act and any applicable income tax convention, is or is deemed to be a resident of Canada at all relevant times ("**Canadian Holders**"**).**

Series B Debentures

Interest on Series B Debentures

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing income for a taxation year any interest (i) that accrues to the Canadian Holder on the Series B Debentures to the end of the Canadian Holder's taxation year, or (ii) that is receivable or received by the Canadian Holder before the end of that taxation year, except to the extent that such interest was included in computing the Canadian Holder's income for a preceding taxation year.

Any other Canadian Holder will be required to include as interest in computing income for a taxation year the amount of interest received or receivable (depending on the method regularly followed by the Canadian Holder in computing income) by the Canadian Holder on the Series B Debentures, if any, in the year, including at the Maturity Date, except to the extent that such interest has been included in computing the Canadian Holder's income for a preceding taxation year.

A Canadian Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on its aggregate investment income, which includes an amount in respect of interest.

Disposition of Series B Debentures

On an assignment or other transfer of a Series B Debenture (but otherwise than on the conversion thereof into Series B Units), a Canadian Holder will generally also be required to include in income the amount of interest accrued on the Series B Debenture from the date of the last interest payment to the date of such transfer to the extent that such amount has not otherwise been included in the Canadian Holder's income for the taxation year or a previous taxation year. Any such amount included in the income of a Canadian Holder will be excluded from the Canadian Holder's proceeds of disposition of the Series B Debenture.

In general, on a disposition or deemed disposition of Series B Debentures (including a payment on maturity, a redemption or purchase for cancellation of Series B Debentures, but otherwise than on the conversion thereof into Series B Units), the Canadian Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (excluding any amounts in respect of interest that are included in computing income for that taxation year), exceed (or are less than) the aggregate of the Canadian Holder's adjusted cost base of the Series B Debenture and any reasonable costs of disposition. See "*Taxation of Capital Gains and Capital Losses*" for the tax treatment of capital gains and capital losses.

Exercise of Conversion Privilege

The conversion of a Series B Debenture into Series B Units by a Canadian Holder on the exercise of the conversion privilege, as described under "Conversion Privilege", will be deemed by the Tax Act not to be a disposition of the Series B Debenture and, accordingly, such Canadian Holder will not generally be considered to have realized a gain or loss on such conversion.

The cost to the Canadian Holder of the Series B Units acquired on such conversion will be equal to the adjusted cost base of the Series B Debenture to such Canadian Holder immediately before the conversion. The Canadian Holder's adjusted cost base of Series B Unit shares so acquired will be determined by averaging the cost of such shares with the adjusted cost base to the Canadian Holder of all common shares of the Company owned by the Canadian Holder and held as capital property immediately prior to such acquisition.

Under the current administrative practice of the CRA, a Canadian Holder who upon conversion of a Series B Debenture, receives an amount not in excess of $200 in lieu of a fraction of a Series B Unit may either treat this amount as proceeds of disposition of a portion of a Series B Debenture thereby realizing a capital gain or capital loss, or alternatively, may reduce the adjusted cost base of the Series B Units that the Canadian Holder receives on the conversion by the amount received.

Allocation of Conversion Price

In converting the Series B Debentures, Holders will be acquiring ownership of the Series B Units. The Series B Unit Shares and Series B Unit Warrants comprising a Series B Unit are separate properties and accordingly, Holders will be required to allocate the adjusted cost base for each Series B Unit between the Series B Unit Shares and the Series B Unit Warrants on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. Such allocation will not be binding on the CRA and counsel express no opinion as to such allocation. A successful challenge of such allocation by the CRA will affect the adjusted cost base of the Series B Unit Shares and the Series B Unit Warrants.

Series B Unit Warrants

Exercise or Expiry of Series B Unit Warrants

A Holder will not realize a gain or loss upon the exercise of a Series B Unit Warrant. The Holder's cost of common shares acquired by exercising Series B Unit Warrants will be equal to the aggregate of the Holder's adjusted cost base of the Series B Unit Warrants exercised plus the exercise price paid for the common shares. The Holder's adjusted cost base of the common shares so acquired will be determined by averaging the cost of those common shares with the adjusted cost base (determined immediately before the acquisition of the common shares) of all other common shares held as capital property by such Holder at the time of acquisition.

In the event of the expiry of an unexercised Series B Unit Warrant, the Holder will realize a capital loss equal to the Holder's adjusted cost base of such Series B Unit Warrant. See "*Taxation of Capital Gains and Capital Losses*" for the tax treatment of capital gains and capital losses.

Disposition of Series B Unit Warrants

A Holder who disposes of or is deemed to have disposed of a Series B Unit Warrant (other than a disposition arising on the exercise or expiry of a Series B Unit Warrant) will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of the Series B Unit Warrant exceed (or are exceeded by) the aggregate of the adjusted cost base of such Warrant and any reasonable expenses associated with the disposition. See "*Taxation of Capital Gains and Capital Losses*" for the tax treatment of capital gains and capital losses.

Common Shares

Dividends

Dividends received or deemed to be received on the common shares by a Canadian Holder who is an individual other than certain trusts will be included in computing the Canadian Holder's income and will generally be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient receives written notice from Cleanfield designating the dividend as an "eligible dividend" (within the meaning of the Tax Act). There may be limitations on the ability of Cleanfield to designate dividends as eligible dividends. Taxable dividends received by an individual (and certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances.

Dividends received or deemed to be received on the common shares by a Canadian Holder that is a corporation will be included in the Company's income and will generally be deductible in computing its taxable income. Certain corporations, including "private corporations" or "subject corporations" (as such terms are defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act, at the rate of 33⅓% of the dividends received or deemed to be received on the common shares to the extent that such dividends are deductible in computing taxable income.

Disposition of Common Shares

A Canadian Holder who disposes of or is deemed to dispose of common shares (other than to Cleanfield) will generally realize a capital gain (or sustain a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Canadian Holder's adjusted cost base thereof and any reasonable costs of disposition. See "*Taxation of Capital Gains and Capital Losses*" for the tax treatment of capital gains and capital losses.

Taxation of Capital Gains and Capital Losses

Generally, a Canadian Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (the "**taxable capital gain**"). A Canadian Holder must deduct one-half of the amount of any capital loss (the "**allowable capital loss**") realized in a taxation year against taxable capital gains realized by the Canadian Holder in such year, subject to and in accordance with rules contained in the Tax Act. Any allowable capital losses in excess of taxable capital gains for the year of disposition generally may be carried back up to three taxation years or carried forward indefinitely and deducted against taxable capital gains in such other years to the extent and under the circumstances described in the Tax Act.

Any capital loss resulting from the disposition of common shares may, in certain circumstances, be reduced by the amount of dividends previously received or deemed to be received on common shares, to the extent and under the circumstances described in the Tax Act.

Capital gains realized by a Canadian Holder who is an individual or trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

A Canadian Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act), may be liable to pay an additional refundable tax of 6⅔ % on its aggregate investment income, which includes amounts in respect of taxable capital gains.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fogler, Rubinoff LLP, counsel to Cleanfield, subject to the qualifications and assumptions discussed under the heading "Certain Canadian Federal Income Tax Considerations", Series B Debentures, Series B Unit Warrants and common shares (acquired as an Offered Share in the Offering or acquired on the conversion of the Series B Debentures or on the exercise of the Series B Unit Warrants) will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans and registered disability savings plans ("**Registered Trust**")**,** provided that, at all relevant times: (i) in the case of the Series B Debentures, shares of Cleanfield remain listed on a designated stock exchange in Canada (including the TSXV), and in the case of a deferred profit sharing plan, that neither Cleanfield nor an employer with which Cleanfield does not deal at arm's length has made a contribution to the Registered Trust, (ii) in the case of the Series B Unit Warrants, the common shares issuable on the exercise of the Series B Unit Warrants are listed on a designated stock exchange (including the TSXV) and each person who is an annuitant, a beneficiary, an employer or a subscriber under the Registered Trust deals at arm's length (within the meaning of the Tax Act) with Cleanfield, and (iii) in the case of common shares issued as Offered Shares in the Offering or common shares issued on the conversion of the Series B Debentures or on the exercise of the Series B Unit Warrants, such common shares are listed on a designated stock exchange (including the TSXV). We have applied to the TSXV for the listing of the Offered Shares, the Series B Unit Shares issuable upon the conversion of the Series B Debentures and the Series B Unit Warrant Shares issuable upon the exercise of the Series B Unit Warrants. Listing will be subject to us fulfilling all of the listing requirements of the TSXV.

RISK FACTORS

Investing in the Offered Securities involves risks. You should carefully consider the risks described below before deciding whether to invest in the Offered Securities. Investors should also carefully consider any risks that may be described in other filings that we make with securities regulators including: i) our annual information form for the year ended May 31, 2007, (ii) the management's discussion and analysis of the financial condition and results of operations from time to time and the other information in this short form prospectus or incorporated by reference in this short form prospectus. The risks and uncertainties described or incorporated by reference herein are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently deem to be immaterial, may also become important factors that affect us. If any of the risks actually occurs, our business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of our common shares could decline and you could lose all of your investment.

Risks Related to this Offering

We have experienced, and may in the future experience, significant fluctuations in the price of our shares which could impact your ability to sell the Offered Shares, the common shares issuable upon the conversion of the Series B Debentures and the exercise of the Series B Unit Warrants at or above the price paid for such shares.

In recent years, the common shares of the Company, the shares of other alternative energy companies and the stock market in general have experienced extreme price fluctuations, which have been unrelated to the operating performance of the affected companies. From September 20, 2006 to the year end on May 31, 2007, the closing sale price for our common shares as reported on the TSXV ranged from $1.15 to $3.99. From July 1, 2007 to June 30, 2008, the closing sale price for our common shares as reported on the TSXV ranged from $0.75 to $2.70. The market price of our common shares may fluctuate due to a variety of factors relative to our business, including announcements of new developments, fluctuations in our operating results, sales of our common shares in the marketplace, failure to meet analysts' expectations, general conditions in the alternative energy industries or the worldwide economy, announcements of innovations, new products or product enhancements by us or by our competitors and developments in patents or other intellectual property rights or any litigation relating to these rights. We cannot assure that the market price of our common shares will not continue to experience significant fluctuations in the future, including fluctuations that are unrelated to our performance.

Lack of Market for Series B Debentures or the Series B Unit Warrants

There is currently no market through which the Series B Debentures or the Series B Unit Warrants may be sold and purchasers may not be able to resell the Series B Debentures purchased under this short form prospectus and the Series B Unit Warrants issuable upon the conversion of the Series B Debentures. The Series B Debentures and the Series B Unit Warrants will not be listed in the TSXV or on any other exchange. This may affect the pricing of the Series B Debentures and the Series B Unit Warrants in the secondary market, transparency and availability of trading prices, the liquidity of the Series B Debentures and the Series B Unit Warrants and the extent of issuer regulation. There can be no assurance that an active trading market will develop for the Series B Debentures or the Series B Unit Warrants after the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

Prior Ranking Indebtedness

The Series B Debentures and the indebtedness of CEC under the securities provided by CEC in respect of the Series B Debentures will be subordinate to all Senior Indebtedness. See "*Description of the Offered Securities Being Distributed - Description of the Series B Debentures – Ranking*".

Absence of Covenant Protection

The Series B Debenture Indenture will not restrict the Company, CEC or any of their subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging their assets to secure any indebtedness or other financing which either constitutes a Permitted Encumbrance or rank junior to the Series B Debentures. See "*Description of the Offered Securities Being Distributed - Description of the Series B Debentures – Further Indebtedness*".

Redemption Prior to Maturity

The Series B Debentures may be redeemed, at the option of the Company prior to the Maturity Date at any time and from time to time, at the redemption prices set forth in this short form prospectus, together with any accrued and unpaid interest. Holders of Series B Debentures should assume that this redemption option will be exercised if the Company is able to refinance at a lower interest rate or it is otherwise in the interest of the Company to redeem the Series B Debentures.

Dilutive Effects on Holders of Common Shares

The Company may issue common shares in connection with the conversion of the Series B Debentures or the exercise of the Series B Unit Warrants. In addition, the Company may issue common shares in connection with the conversion or exercise of other convertible securities, including the Series A Debentures, the Series A Unit Warrants, the commitment to issue the Two West Incentive Shares, 209,610 previously issued broker warrants, outstanding options, the Fee Unit Warrants, the Compensation Option, the CO Unit Warrants and the Broker Warrants. Accordingly, holders of common shares may suffer dilution.

Conversion Right Following Certain Transactions

In the event of certain transactions, pursuant to the terms of the Series B Debenture Indenture, each Series B Debenture will become exchangeable for securities, cash or property receivable by a holder of common shares in the kind and amount of securities, cash or property into which the Series B Debenture was exchangeable immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Series B Debentures in the future.

RISKS RELATED TO THE USE OF THE PROCEEDS

We had a negative operating cash flow

Cleanfield reported negative cash flow from operating activities for the financial year ended May 31, 2007 and will use the proceeds of the Offering to fund any negative operating cash flow. There is no assurance that Cleanfield will not report negative operating cash flow in future periods.

We have broad discretion in the use of the net proceeds from this Offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this Offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common shares. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our common shares to decline and delay the development of our product candidates. Pending their use, we may invest the net proceeds from this Offering in a manner that does not produce income or that loses value.

MATERIAL CONTRACTS

The only material contracts entered into by the Company within the two years prior to the date hereof, or that the Company will enter into prior to the closing of the Offering, other than in the ordinary course of business, are as follows:

(1) the escrow agreement dated July 12, 2005 among the Company, Pacific Corporate Trust Company and certain securityholders of the Company with respect to the escrow of 3,333,334 of the Company's common shares releasable over a period of three years;

(2) the escrow agreement dated September 15, 2006 among the Company, Pacific Corporate Trust Company and certain securityholders of the Company with respect to the escrow of 11,000,000 of the Company's common shares releasable over a period of six years;

(3) the escrow agreement dated September 15, 2006 among the Company, Pacific Corporate Trust Company and certain securityholders of the Company with respect to the escrow of 455,861 of the Company's common shares releasable over a period of two years;

(4) the Agency Agreement referred to under "*Plan of Distribution*";

(5) the Series B Debenture Indenture referred to under "*Description of Securities*"; and

(6) the Warrant Indenture referred to under "*Description of Securities*".

Copies of the foregoing agreements may be inspected at the registered office of the Company during normal business hours during the period of distribution of the Offered Securities offered by this prospectus and for a period of 30 days thereafter.

DIRECTORS AND OFFICERS

Information on directors and officers of the Company can be found in the Company's annual information form dated May 29, 2008 for the fiscal year ended May 31, 2007, except with respect to Mr. Henry Kroeze, who was appointed as the Chief Financial Officer on June 2, 2008.

The following table sets out the municipality of residence and current position with the Company of Mr. Kroeze and the approximate number of common shares of the Company beneficially owned, directly or indirectly, or over which he exercises control or direction.

Name & Municipality of Residence	Office Held at the Company	Appointed Since	Common Shares Beneficially Held or Over Which Control is Exercised (1)
Henry Kroeze Caledonia, Ontario, Canada	Chief Financial Officer	June 2008	Nil

Note:

(1) Information supplied by Mr. Kroeze. Holdings do not include options held by Mr. Kroeze.

Mr. Kroeze is a chartered accountant and a certified public accountant. Prior to joining the Company, Mr. Kroeze was a financial adviser to Biovail Corporation from 2005 to 2006, and held various positions at Laidlaw International Inc. from 1997 to 2004, the last being director of financial operations. Mr. Kroeze acted as an audit manager with PricewaterhouseCoopers from 1995 to 1997.

To the knowledge of the Company:

(a) Mr. Kroeze is not, as at the date of this short form prospectus, and was not within 10 years before the date of this short form prospectus, a director, chief officer or chief financial officer of any company (including the Company), that:

(i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

For the purposes of subsection (a), "order" means:

(i) a cease trade order;

(ii) an order similar to a cease trade order; or

(iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for more than 30 consecutive days;

(b) Mr. Kroeze, is not, as at the date of this short form prospectus, and has not been within the 10 years before the date of this short form prospectus, a director or executive officer of any company (including the Company) that:

(i) while he was acting in the that capacity, or within a year of him ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets;

(c) Mr. Kroeze has not been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and Mr. Kroeze as a result of his outside business interests.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Cleanfield are PricewaterhouseCoopers LLP, Chartered Accountants, 21 King Street West, Hamilton, Ontario.

The transfer agent and registrar for our common shares is Olympia Transfer Services Inc. at its principal offices in Toronto, Ontario.

INTERESTS OF EXPERTS

Certain legal matters in respect of this Offering are being passed upon for us by Fogler, Rubinoff LLP. As of the date hereof, the partners and associates of Fogler, Rubinoff LLP beneficially owned, directly or indirectly, less than 1% of our issued and outstanding securities.

PROMOTERS

To the best of the Company’s knowledge, other than as disclosed below, no person or company has been within the two most recently completed fiscal years, or is during the current fiscal year, a promoter of the Company or CEC.

Messrs. Tony Verrelli, Mihail Stern and Alexander Trica (now deceased) may be considered to be the promoters of CEC in that they took the initiative in founding and organizing CEC.

The following table sets out the common shares of the Company that each of Messrs. Verrelli, Stern and Trica owns or controls, directly or indirectly, as of the date of this short form prospectus.

Promoter	Common Shares[(1)]	% of Class[(2)]
Tony Verrelli	4,029,839	17.02%
Mihail Stern	2,877,467	12.16%
Alexander Trica[(3)]	3,004,567	12.69%

Notes:

(1) Information supplied by promoters. Holdings do not include options held by the promoters.

(2) On a non-diluted basis.

(3) Now held by the Estate of Alexander Trica.

For the fiscal year ended May 31, 2007, as well as for the current fiscal year, Messrs. Verrelli, Stern and Trica, as officers of the Company, were each paid an annual salary of $96,000 (except for Mr. Trica who received salary until he passed away on February 2, 2008).

The following table sets out the options granted to Messrs. Verrelli, Stern and Trica under the Company's stock option plan.

<table>
<tr><th>Name of Optionee</th><th>Position</th><th>Date of Grant</th><th>No. of Options(1)</th><th>Exercise Price</th><th>Expiry Date</th></tr>
<tr><td rowspan="2">Tony Verrelli</td><td rowspan="2">Director and Officer</td><td rowspan="2">November 18, 2006</td><td>200,000</td><td>$1.40</td><td rowspan="2">November 18, 2011</td></tr>
<tr><td>200,000</td><td>$1.75</td></tr>
<tr><td rowspan="2">Mihail Stern</td><td rowspan="2">Director and Officer</td><td rowspan="2">November 18, 2006</td><td>50,000</td><td>$1.40</td><td rowspan="2">November 18, 2011</td></tr>
<tr><td>50,000</td><td>$1.75</td></tr>
<tr><td rowspan="2">Alexander Trica(2)</td><td rowspan="2">Former Director and Officer</td><td rowspan="2">November 18, 2006</td><td>50,000</td><td>$1.40</td><td rowspan="2">February 2, 2009(3)</td></tr>
<tr><td>50,000</td><td>$1.75</td></tr>
</table>

Notes:

(1) Information supplied by promoters.

(2) Now held by the Estate of Alexander Trica.

(3) Original expiry date was November 18, 2011. Under the terms of the Company's stock option plan, upon the death of the optionee, the legal representative(s) of the optionee may exercise the option at any time up to and including, but not after, a date one year following the date of death of the optionee, or prior to the close of business on the expiration date of the option, whichever is earlier. The options of Mr. Trica, who passed away on February 2, 2008, will therefore expire on February 2, 2009.

For further information regarding material direct or indirect transactions between the Company and Messrs. Verrelli, Stern and Trica, see Item 11 "Interests of Management and Others in Material Transactions" of the Company's Annual Information Form for the fiscal year ended May 31, 2007.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in several of the provinces of British Columbia, Albert and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, applicable securities legislation further provides a purchaser with remedies for rescission, price revision or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. Purchasers should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of Cleanfield Alternative Energy Inc. (the "**Company**") dated July 8, 2008 relating to the issue and sale of a minimum of $1,000,000 and a maximum of $1,500,000 principal amount of 12% series B senior secured convertible debentures and $500,000 maximum of common share of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at May 31, 2007 and 2006, and the consolidated statements of operations and comprehensive loss, deficit and cash flows for each of the years in the two-year period ended May 31, 2007. Our report is dated September 4, 2007.

Hamilton, Ontario
July 8, 2008.

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants, Licensed Public Accountants

CERTIFICATE OF THE COMPANY

Dated: July 8, 2008

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta and Ontario.

(Signed) Tony Verrelli President and Chief Executive Officer	(Signed) Henry Kroeze Chief Financial Officer

On behalf of the Board of Directors

(Signed) George Hatzoglou Director	(Signed) Mihail Stern Director

CERTIFICATE OF THE AGENT

Dated: July 8, 2008

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta and Ontario.

WOLVERTON SECURITIES LTD.

Per: (Signed) Colman Wong
Senior Vice President