

CLEANFIELD ALTERNATIVE ENERGY INC.

Warrant Indenture

Dated as of July 31, 2008

Fogler, Rubinoff LLP
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WARRANT INDENTURE

THIS WARRANT INDENTURE made as of July 31, 2008.

BETWEEN:

CLEANFIELD ALTERNATIVE ENERGY INC., a corporation incorporated under the *Business Corporations Act* (British Columbia)

(the "**Company**")

OF THE FIRST PART

AND:

OLYMPIA TRANSFER SERVICES INC., a corporation incorporated under the *Business Corporations Act* (Ontario)

(the "**Warrant Agent**")

OF THE SECOND PART

WHEREAS the Company has created and proposes to issue up to 1,500,000 Warrants, to be constituted and issued in the manner herein set forth;

AND WHEREAS the Company, under the laws relating thereto, is authorized to issue the Warrants;

AND WHEREAS the Company represents to the Warrant Agent that all necessary resolutions of the directors of the Company have been or will be duly enacted, passed or confirmed and all other proceedings taken and conditions complied with to authorize the execution, issue and delivery of the Warrants and to make the same legal, valid and binding on the Company in accordance with the laws relating to the Company and to approve and confirm the terms and conditions of this Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Company and not by the Warrant Agent;

AND WHEREAS the Warrant Agent has agreed to act as warrant agent on behalf of the Warrantholders on the terms and conditions set forth herein.

NOW THEREFORE THIS INDENTURE WITNESSES THAT, in consideration of the premises and in further consideration of the mutual covenants herein set forth, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture, including the recitals set forth above and the Warrant Certificate (unless there is something in the subject matter or context inconsistent therewith):

- (a) "**Applicable Legislation**" means the provisions, if any, for the time being, of any statute of Canada or a province thereof, and of the regulations under such statute, relating to trust indentures or to the rights, duties and obligations of trustees under trust indentures, and of corporations issuing their securities under trust indentures, to the extent that any such provisions are in force and applicable to this Indenture;
- (b) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario or the Province of British Columbia;
- (c) "**Common Share**" means a fully paid and non-assessable common share without par value in the capital of the Company as such capital is presently constituted;
- (d) "**Conversion Date**" means the date any Series B Debentures are converted in accordance with the terms of the Series B Debenture Indenture;
- (e) "**Designated Provinces**" means the provinces of Ontario, British Columbia and Alberta;
- (f) "**Exercise Price**" means a price of \$1.00 per Warrant Share, which is the consideration required to be paid by a Warrantholder to the Company upon the Warrantholder exercising its Warrant(s) to acquire Warrant Share(s), subject to adjustment pursuant to Article 4;
- (g) "**Expiry Date**" means the second anniversary of the issue date of the Series B Debentures;
- (h) "**Expiry Time**" means 5:00 p.m. (Toronto time) on the Expiry Date;
- (i) "**Indenture**", "**herein**", "**hereto**", "**hereunder**", "**hereof**", "**hereby**" and similar expressions mean or refer to this Indenture and not to any particular Article, Section, subsection, paragraph, clause, subdivision or portion hereof and include any indenture, deed or instrument supplemental or ancillary hereto; and the expressions "Article", "Section", "subsection" and "paragraph" followed by a number mean and refer to the specified Article, Section, subsection or paragraph of this Indenture;
- (j) "**Series B Debentures**" means the 12% senior secured convertible redeemable debentures, Series B of the Corporation issued pursuant to the Series B Debenture Indenture;
- (k) "**Series B Debenture Indenture**" means the debenture indenture dated as of July [31], 2008 between the Corporation, Cleanfield Energy Corp. and Olympia Trust Company;
- (l) "**TSXV**" means the TSX Venture Exchange;
- (m) "**U.S. Person**" and "**United States**" have the meanings ascribed thereto in Regulation S under the 1933 Act;
- (n) "**Warrant**" means a transferable share purchase warrant, each whole Warrant entitling the holder to purchase a Warrant Share (subject to adjustment as provided herein) at the Exercise Price on or before the Expiry Time on the Expiry Date and having the terms and conditions set out in this Warrant Indenture;
- (o) "**Warrant Agent**" means Olympia Transfer Services Inc., having an office at 120 Adelaide Street West, Suite 920, Toronto, Ontario M5H 1T1 or its successors under this Indenture;
- (p) "**Warrant Certificate**" means a certificate evidencing one or more Warrants substantially in the form attached hereto as Schedule "A";

- (q) **"Warrant Share"** means a previously unissued Common Share issued pursuant to the exercise of a Warrant;
- (r) **"Warrantholder"** means the registered holder of an outstanding Warrant; and
- (s) **"1933 Act"** means the *United States Securities Act of 1933*, as amended.

1.2 Headings

The division of this Indenture into Articles, Sections, subsections or other subdivisions, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or the Warrants.

1.3 Gender

Words importing the singular number also include the plural and vice versa and words importing the masculine gender include the feminine gender.

1.4 Weekends and Holidays

If the date for the taking of any action under this Indenture (including, without limitation, the Expiry Date) expires on a non-Business Day, such action may be taken on the next succeeding Business Day with the same force and effect as if taken within the period for the taking of such action.

1.5 Meaning of "Outstanding"

Every Warrant represented by a Warrant Certificate countersigned by the Warrant Agent and delivered to the Warrantholder is deemed to be outstanding until the Expiry Time or until it is cancelled or delivered to the Warrant Agent for cancellation, provided that:

- (a) where a new Warrant Certificate has been issued pursuant to Section 2.7 to replace one which has been mutilated, lost, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates are counted for the purpose of determining the aggregate number of Warrants outstanding; and
- (b) for the purposes of any provision of this Indenture entitling holders of outstanding Warrants to vote, sign consents, requests or other instruments or take any other action under this Indenture, Warrants owned legally or beneficially by the Company or any affiliate (as defined in the *Business Corporations Act* (Ontario)) shall be disregarded.

1.6 Time

Time is of the essence hereof and of the Warrant Certificates.

1.7 Applicable Law

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

1.8 Currency

A reference to currency means Canadian currency unless specifically indicated otherwise.

ARTICLE 2 ISSUE AND TRANSFER OF WARRANTS

2.1 Creation, Form and Terms of Warrants

- (a) The Company hereby creates and authorizes for issuance 1,500,000 Warrants, each Warrant entitling Warrantholders to acquire, upon payment of the Exercise Price and subject to adjustment, one Warrant Share for each Warrant. The Warrants will be issued upon the exercise of any Series B Debentures in accordance of the provisions of the Series B Debenture Indenture and shall be dated as of the relevant Conversion Date (including all replacement certificates issued in accordance with this Indenture) notwithstanding their date of issue.
- (b) Subject to the provisions hereof, the Warrants issued under this Indenture are limited in the aggregate to 1,500,000 and each whole Warrant entitles the holder thereof to acquire, upon payment of the Exercise Price, one Warrant Share, provided that the number of Warrant Shares receivable on exercise of a Warrant and the Exercise Price thereof is subject to increase or decrease so as to give effect to the adjustments required by Article 4.
- (c) The Warrants are issued or issuable in registered form and the Warrant Certificates will be substantially in the form set out or referred to in Schedule "A" hereto with, subject to the provisions of this Indenture, such additions, variations, or omissions as may from time to time be agreed upon between the Company and the Warrantholders and are or will be numbered in such manner as the Company may with the approval of the Warrant Agent prescribe. All Warrants are, save as to denominations, of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, or partly in one form and partly in another, as the Company may determine. No change in the form of the Warrant Certificates is required by reason of any adjustment made pursuant to Article 4 hereof in the number of Warrant Shares which may be acquired pursuant to the exercise of the Warrants or Exercise Price.
- (d) U.S. Holders
 - (i) All certificates for Warrants, and any replacement Warrants, issued to any person who is in the United States or is a U.S. Person or an agent of a U.S. Person will have the following legend endorsed thereon:

"THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT, (C) INSIDE THE UNITED STATES PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE 1933 ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS IN THE UNITED STATES OR SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTIONS."

provided, that if Warrants are being sold under clause (B) above, at a time when the Company is a "foreign issuer" as defined in Rule 902 under the 1933 Act, the legend specified in this subsection 2.1(d) may be removed at the time of sale by providing a declaration to the Company and the Warrant Agent, in the form attached hereto as Schedule "B", or as the Company may from time to time prescribe, to the effect that the sale of the securities is being made in compliance with Rule 904 of Regulation S under the 1933 Act; provided further, that if any of the Warrants are being sold pursuant to Rule 144 of the 1933 Act and in compliance with any applicable state securities laws, the legend specified in this subsection 2.1(d) may be removed by delivery to the Warrant Agent of an opinion satisfactory to the Company and the Warrant Agent to the effect that

the legend is no longer required under applicable requirements of the 1933 Act or state securities laws;

- (ii) The Warrant Agent shall, upon receipt of an executed declaration for removal of legend in the form attached hereto as Schedule "B" hereto, issue a new Warrant Certificate within three Business Days thereof.

- (e) The Warrants may only be exercised in accordance with the provision of Section 5.1 hereof.

2.2 Transferability and Ownership of Warrants

- (a) The Company shall cause the Warrant Agent to keep at its Toronto office a register in which the Warrant Agent shall enter the names and addresses of the Warrantholders and particulars of the Warrants held by them. The Warrant Agent shall cause the register to be open at all reasonable times for inspection by the Company and any Warrantholder.
- (b) The Warrants may only be transferred in accordance with applicable securities laws and upon compliance with the conditions herein, on the register kept at the office of the Warrant Agent set forth in subsection 1.1(o) by the Warrantholder (or its legal representatives or its attorney duly appointed) duly executing the transfer form attached to the Warrant Certificate and complying with such other reasonable requirements as the Company and the Warrant Agent may prescribe and such transfer shall be duly noted on the register by the Warrant Agent.
- (c) Notwithstanding anything contained in this Indenture, or the Warrant Certificate, the Warrant Agent:
 - (i) shall only register a transfer of a Warrant imprinted with the legend specified in subsection 2.1(d) if the Warrant Agent has received, in addition to a properly completed and executed transfer form in the form included in the Warrant Certificate, either (A) a properly completed and executed declaration in the form attached as Schedule "B" hereto (or as otherwise prescribed by the Company on the advice of legal counsel, acting reasonably), or (B) a written opinion of counsel or other evidence satisfactory to the Company, acting reasonably, to the effect that the transfer of such Warrant is in compliance with applicable United States federal and state securities laws and, in the case of subparagraph (B), the Company has provided a direction to the Warrant Agent to proceed with such registration including, if deemed required by the Company on the advice of legal counsel, instructions to imprint the Warrant issued to such transferee with the legend specified in subsection 2.1(d); and
 - (ii) shall not register any transfer of a Warrant if it has reasonable grounds to believe that such transfer is otherwise not in accordance with applicable law.
- (d) Upon becoming a Warrantholder in accordance with the provisions of this Indenture, the transferee thereof shall be deemed to have acknowledged and agreed to be bound by this Indenture. Upon registration of such transferee as the Warrantholder of the Warrant, the transferor shall cease to have any further rights under this Indenture with respect to such Warrant or Warrant Shares issuable in respect thereof.
- (e) Subject to the provisions of this Indenture and applicable law, the registered Warrantholder is entitled to the rights and privileges attaching to the Warrants, and the issue of Warrant Shares by the Company on exercise of Warrants by any Warrantholder thereof in accordance with the terms and conditions herein contained discharges all responsibilities of the Company and the Warrant Agent with respect to such Warrants and neither the Company nor the Warrant Agent is bound to inquire into the title of any such registered holder.

- (f) The Company and the Warrant Agent shall deem and treat the registered holder of any Warrant as the absolute legal and beneficial owner thereof for all purposes and neither the Company nor the Warrant Agent is affected by any notice to the contrary.
- (g) No fractional warrants will be issued.

2.3 Warrantholders Not Shareholders

A Warrantholder is not deemed or regarded as a shareholder of the Company nor is such Warrantholder entitled to any right or interest except as is expressly provided in this Indenture and in the Warrant Certificates.

2.4 Warrants to Rank Pari Passu

Except as otherwise provided herein, a Warrant will rank *pari passu* with all other Warrants, whatever may be the actual dates of issue of the Warrant Certificates that evidence them.

2.5 Signing of Warrants

The Warrant Certificates shall be signed by any one of the Chief Executive Officer, the Chief Financial Officer or any one director or other officer of the Company. The signatures of such officers or directors may be mechanically or photo-statically reproduced in facsimile. A facsimile signature upon any Warrant Certificate is for all purposes hereof deemed to be the signature of the person whose signature it purports to be and to have been signed at the time such facsimile signature is reproduced. If a person whose signature, either manually or in facsimile, appears on a Warrant Certificate is not a director or officer of the Company at the date of this Indenture or at the date of the countersigning and delivery of such Warrant Certificate, such fact does not affect in any way the validity of the Warrants or the entitlement of the Warrantholder to the benefits of this Indenture or of the Warrant Certificate.

2.6 Countersigning

No Warrant Certificate shall be issued, or if issued, is valid or exercisable or entitles the holder thereof to the benefits of this Indenture, until the Warrant Certificate has been certified by manual signature by or on behalf of the Warrant Agent. The certification by or on behalf of the Warrant Agent on any Warrant Certificate is not construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of the Warrants or as to the performance by the Company of its obligations under this Indenture and the Warrant Agent is in no way liable or answerable for the use made of the Warrants. The certification of the Warrant Agent is, however, a representation and warranty of the Warrant Agent that the Warrant Certificate has been duly certified by or on behalf of the Warrant Agent pursuant to the provisions of this Indenture or of the Warrant Certificate and shall be conclusive evidence as against the Company that the Warrant Certificate so countersigned has been duly issued hereunder and is a valid obligation of the Company and that the Warrantholder is entitled to the benefit hereof. Warrants will be issued and certified by the Warrant Agent upon receipt of a written order of the Company.

2.7 Loss, Mutilation, Destruction or Theft of Warrants

- (a) In case any of the Warrant Certificates issued and countersigned hereunder is mutilated or lost, destroyed or stolen, the Company, in its discretion, may issue and deliver a new Warrant Certificate of like date and tenor in exchange for and in place of the one mutilated, lost, destroyed or stolen and upon surrender and cancellation of such mutilated Warrant Certificate or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate and the substituted Warrant Certificate entitles the holder thereof to the benefits hereof and ranks equally in accordance with its terms with all other Warrants issued hereunder.

- (b) The Warrantholder applying for the issue of a new Warrant Certificate pursuant to this Section shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as is satisfactory to the Company and the Warrant Agent in their discretion. The Company and the Warrant Agent may require such applicant to furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Warrant Agent in their discretion, and the applicant shall pay the reasonable charges of the Company and the Warrant Agent in connection therewith.

2.8 Exchange of Warrants

A Warrantholder may at any time prior to the Expiry Time, by written instruction delivered to the Warrant Agent at an office set forth in subsection 1.1(o), exchange his Warrant Certificates for Warrant Certificates evidencing Warrants in other denominations entitling the Warrantholder to acquire in the aggregate the same number of Warrant Shares as it was entitled under the Warrant Certificates so surrendered, in which case the Warrant Agent may make a charge sufficient to reimburse it for any government fees or charges required to be paid (which shall be paid by the Warrantholder) and an additional reasonable charge (which shall be paid by the Company) for every Warrant Certificate issued upon exchange. Payment of the charges is a condition precedent to the exchange of the Warrant Certificate. The Company shall sign and the Warrant Agent shall countersign all Warrant Certificates necessary to carry out exchanges as aforesaid.

2.9 Purchase of Warrants for Cancellation

Subject to applicable law, the Company may, at any time or from time to time, provided that it is not in default under this Indenture, purchase all or any of the Warrants in the market, by private contract or otherwise, on such terms as the Company and the seller may agree upon. All Warrants so purchased shall forthwith be delivered to the Warrant Agent and cancelled by the Warrant Agent and no Warrants shall be issued in substitution therefor.

ARTICLE 3
REPRESENTATIONS AND COVENANTS OF THE COMPANY

The Company represents, warrants, covenants and agrees with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders as follows:

3.1 To Issue Warrants and Reserve Warrant Shares

That it is duly authorized to create and issue the Warrants and that the Warrants, when issued and certified by the Warrant Agent will be valid and enforceable against the Company and that, subject to the provisions of this Indenture, the Company shall cause the Warrant Shares from time to time acquired pursuant to the exercise of Warrants to be duly issued, upon payment of the Exercise Price, to the Warrantholders. At all times while any of the Warrants are outstanding, the Company shall reserve and allot out of its authorized capital a number of Common Shares sufficient to enable the Company to meet its obligation to issue Warrant Shares in respect of the exercise of all Warrants outstanding from time to time. All Warrant Shares acquired pursuant to the exercise of the Warrants shall be fully paid and non-assessable.

3.2 To Execute Further Assurances

That it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as may reasonably be required for the better accomplishing and effecting of the intentions and provisions of this Indenture.

3.3 Corporate Existence and Carrying On Business

That subject to the express provisions hereof, so long as any Warrants remain outstanding, it shall use its best efforts to maintain its corporate existence and remain a corporation in good standing under the *Business Corporations Act* (British Columbia) or equivalent statute in any other province of Canada and to carry on its business in the ordinary course.

3.4 Reporting Issuer

That the Company is currently a reporting issuer not in default in all Designated Provinces, and will use its best efforts to maintain its status as a reporting issuer in the Designated Provinces for a period of at least 24 months, from the date hereof.

3.5 Securities Qualification Requirements

That if any instrument is required to be filed with or any permission is required to be obtained from any securities regulatory authority or any other step is required under any federal or provincial law of a Designated Province before any securities or property which a Warrantholder is entitled to receive pursuant to the exercise of a Warrant may properly and legally be delivered upon the due exercise of a Warrant, the Company covenants that it shall use its best efforts to take all such action, at its expense, as is required or appropriate in the circumstances.

3.6 Listing on the TSX Venture Exchange

The Company will use its best efforts to obtain and maintain the listing of the Common Shares on the TSX Venture Exchange (the "TSXV") and to ensure that the Warrant Shares issued pursuant to the exercise of the Warrants are listed and posted for trading on the TSXV.

3.7 Shareholder Information

That the Company will send to each Warrantholder copies of all financial statements and other materials furnished to holders of Common Shares after the date of this Indenture.

3.8 Compliance with Covenants

That the Company will comply with all covenants and satisfy all terms and conditions on its part to be performed and satisfied under this Indenture.

3.9 Warrant Agent Remuneration

The Company will pay the Warrant Agent such reasonable remuneration for its services hereunder as the Company and the Warrant Agent agree to from time to time and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements of the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense or disbursement in connection with or related to or required to be made as a result of the gross negligence, wilful misconduct, bad faith or fraud of the Warrant Agent.

3.10 Third Party Interests

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

3.11 Other Representations, Warranties and Covenants

The Company further represents, warrants and covenants that:

- (a) the issue of the Warrants does not and will not result in a breach by the Company of, and does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach by the Company of any applicable laws, and does not and will not conflict with any of the terms, conditions or provisions of the articles or resolutions of the Company or any trust indenture, loan agreement or any other agreement or instrument to which the Company is a party or by which it is contractually bound on the date of this Indenture;
- (b) it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all other acts, deeds and assurances in law as the Warrant Agent may reasonably require for better accomplishing and effecting the intentions and provisions of this Indenture;
- (c) with respect to any notices to be given or other acts to be performed or which may be given or performed by the Warrant Agent under or pursuant to this Indenture, the Company shall provide to the Warrant Agent in a timely manner all such information and documents as the Warrant Agent may reasonably request and are within the knowledge or control of the Company in order to verify the factual circumstances relating to such notices or acts and, if requested, such notices of acts and, if requested, such information and documents shall be certified as correct by an officer of the Company; and
- (d) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Indenture and will not take any action which might reasonably be expected to deprive Warrantholders of their rights to acquire Warrant Shares on the exercise of Warrants.

ARTICLE 4
ADJUSTMENT OF NUMBER AND PRICE OF WARRANT SHARES

4.1 Definitions

For the purposes of this Article 4, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor in this subsection:

- (a) **"Adjustment Period"** means, with respect to each Warrant, the period commencing on the date the Warrant is issued and ending at the Expiry Time;
- (b) **"Current Market Price"** of the Common Shares at any date means the weighted average price per share of the Common Shares on the TSXV or, if the Common Shares are not then listed on the TSXV, on such other stock exchange as may be selected by the directors of the Company for such purpose or, if the Common Shares are not then listed on any stock exchange, in the over-the-counter market, during the period of any 20 consecutive trading days ending not more than five Business Days before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any stock exchange or traded in the over-the counter market, then the Current Market Price shall, absent manifest error, be determined by such firm of independent chartered accountants as may be selected by the directors of the Company. Whenever the Current Market Price is required to be determined hereunder, the Company shall deliver to the Warrant Agent a certificate of an officer of the Company specifying such Current Market Price and setting forth the details of its calculation;

- (c) **"director"** means a director of the Company for the time being and, unless otherwise specified herein, a reference to action "by the directors" means action by the directors of the Company as a board or, whenever empowered, action by the executive committee of such board; and
- (d) **"trading day"** with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business.

4.2 Adjustments

The Exercise Price and the number of Warrant Shares issuable to the Warrantholder upon exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:

- (a) If at any time during the Adjustment Period the Company shall:
 - (i) fix a record date for the issue of, or issue, Common Shares or securities exchangeable for or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;
 - (ii) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (iii) subdivide, redivide or change the outstanding Common Shares into a greater number of Common Shares; or
 - (iv) consolidate, combine or reduce the outstanding Common Shares into a lesser number of Common Shares;

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

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

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 4.2(a) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

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

- (i) the numerator of which shall be the aggregate of
- (A) the number of Common Shares outstanding immediately prior to the record date for the Rights Offering; and
 - (B) the quotient determined by dividing
 - (1) either (a) the product of the number of Common Shares subscribed during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so subscribed and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - (2) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares subscribed pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

Any Common Shares owned by or held for the account of the Company or any affiliates (as defined in the *Business Corporations Act* (Ontario)) shall be deemed not to be outstanding for the purpose of such calculation. If by the terms of the rights, options, or warrants referred to in this Section 4.2(b), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 4.2(b) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 4.2(b), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (c) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the Common Shares of:

- (i) shares or securities of the Company of any class other than Common Shares;
- (ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares;
- (iii) evidences of indebtedness of the Company; or
- (iv) any property (including cash or securities) or assets of the Company;

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

(A) the numerator of which shall be the difference between

- (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
- (2) the fair value, as determined by the directors of the Company (which determination, absent manifest error, shall be conclusive), to the holders of the Common Shares of the shares, securities, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

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

Any Common Shares owned by or held for the account of the Company or any affiliates (as defined in the *Business Corporations Act* (Ontario)) shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 4.1(c) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 4.1(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

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

- (i) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
- (ii) a consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate or other entity which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities; or
- (iii) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another Company or entity;

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

- (e) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Section 4.2(a), (b) or (c) hereof, then the number of Common Shares purchasable upon the subsequent exercise of these Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.

4.3 Rules

The following rules and procedures shall be applicable adjustments made pursuant to this Article 4:

- (a) Subject to the following provisions of this Section 4.3, any adjustment made pursuant to Section 4.2 hereof shall be made successively whenever an event referred to therein shall occur.
- (b) The adjustments and readjustment referred to in Section 4.2 shall be cumulative. No adjustment in the Exercise Price shall be required unless the adjustment would result in a change of at least one per cent in the Exercise Price then in effect and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provisions of this Section 4.3(b) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (c) If at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or an event described in Section 4.2 hereof, which the directors, acting reasonably and in good faith, determine would have a material adverse effect upon the rights of Warrantholders, subject to approval of the TSXV, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall be adjusted in such manner and at such time as the directors, acting reasonably and in good faith, in their sole discretion, may determine to be equitable in the circumstances.
- (d) Subject to TSXV approval, no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrant shall be made in respect of any event described in this Article 4 if the Warrantholder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Warrantholder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event.

- (e) If the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, no adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants shall be required by reason of the setting of such record date.
- (f) In any case in which this Article 4 shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 4.2 hereof, the Company may defer, until the occurrence of such event:
 - (i) issuing to the Warrantholder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
 - (ii) delivering to the Warrantholder any distribution declared with respect to such additional Common Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Warrantholder an appropriate instrument evidencing the right of the Warrantholder, upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price and/or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on this exercise of the Warrants.
- (g) If a dispute shall at any time arise with respect to any adjustment of the Exercise Price and/or the number of Common Shares purchasable pursuant to the Warrants, such dispute shall, absent manifest error, be conclusively determined by the auditors of the Company or if they are unable or unwilling to act by such other firm of independent chartered accountants as may be selected by the directors.
- (h) Any adjustment to the Exercise Price as set forth herein shall also include a corresponding adjustment to the number of Common Shares or other classes of shares or securities which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the provisions of this Indenture (and which, as at the date hereof, is equal to one Common Share per Warrant).

4.4 Taking of Actions

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 4.2 hereof the Company shall take any action which may, in the reasonable opinion of counsel, be necessary in order that the Company may validly and legally issue as fully paid and non-assessable shares all of the Common Shares or other securities which the Warrantholder is entitled to receive in accordance with the provisions of this Article 4, including without limitation receipt of all necessary regulatory approvals.

4.5 Notice

At least twenty-one (21) days prior to any record date or effective date, as the case may be, for any event which requires or might require an adjustment in any of the rights of the Warrantholder under this Article 4, including the Exercise Price and the number of Common Shares which are purchasable under the Warrants, the Company shall deliver to the Warrant Agent and the Warrantholder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 4.5 has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Warrant Agent and the Warrantholder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the register

of transfers and share transfer books for the Common Shares will be open, and that the Company will not take any action which might deprive the Warrantholder of the opportunity of exercising the rights of subscription contained in the Warrants, during such twenty-one day period.

4.6 Protection of Warrant Agent

The Warrant Agent:

- (a) is not at any time under any duty or responsibility to a Warrantholder to determine whether any facts exist which require any adjustment contemplated by Section 4.2, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) is not accountable with respect to the validity or value (or the kind or amount) of any shares or other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Warrant;
- (c) is not responsible for any failure of the Company to make any cash payment or to issue, transfer or deliver Warrant Shares upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article 4;
- (d) shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Company of any of the representations, warranties or covenants herein contained or of any acts of the agents or servants of the Company; and
- (e) the Warrant Agent may rely upon certificates and other documents filed by the Company pursuant to this Article for all purposes of the adjustment.

**ARTICLE 5
EXERCISE AND EXPIRATION OF WARRANTS**

5.1 Exercise of Warrants

- (a) A Warrantholder may, at any time before the Expiry Time, exercise all or any number of the Warrants which remain outstanding and are then held by the Warrantholder, by surrendering to the Warrant Agent the Warrant Certificate or certificates representing the number of Warrants to be exercised, together with a duly completed and executed exercise form(s) in the form attached to the Warrant Certificate(s) and a certified cheque or bank draft in lawful money of Canada payable to or to the order of the Company at par in the City of Toronto in an amount equal to the Exercise Price in respect of each Warrant Share subscribed for. Upon the exercise of Warrants pursuant to this Section 5.1, the Warrant Shares issued upon the exercise of the Warrants, registered in the name of the Warrantholder so exercising, shall be delivered to the Warrantholder within a reasonable time, not exceeding three Business Days, to the address of the Warrantholder specified in the register for Warrants.
- (b) The exercise form attached to the Warrant Certificates shall not be deemed to be duly completed if the name and mailing address of the holder do not appear legibly on such exercise form and such exercise form is not signed by the holder, his executors, administrators, other legal representatives or such holder's attorney duly appointed.

- (c) If any of the Common Shares in respect of which the Warrants are exercised are to be issued to a person or persons other than the Warrantholder in accordance with the provisions of Section 2.2 hereof, the Warrantholder shall pay to the Warrant Agent such reasonable fees and all requisite stamp or security transfer taxes or other governmental charges eligible in connection with the issue of such Common Shares to such other person or persons or shall establish to the satisfaction of the Warrant Agent that such taxes and charges have been paid.
- (d) U.S. Holders
 - (i) The Warrants and the Warrant Shares issuable upon exercise thereof have not been registered under the 1933 Act or the securities laws of any state of the United States, and the Warrants may not be exercised within the United States or by or on behalf of any U.S. Person or person in the United States unless the Warrant Shares are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available. The Warrant Agent shall not issue or register Warrant Shares or the certificates representing such Warrant Shares unless the holder has executed and delivered to the Warrant Agent an exercise form included in the Warrant Certificate and:
 - (A) the holder has certified that the Warrants are not being exercised in the United States or by or for the account or benefit of a U.S. Person or person in the United States, in the form set forth in subparagraph 1 of the exercise form included in the Warrant Certificate; or
 - (B) the Company receives a written opinion of counsel satisfactory to the Company or other evidence satisfactory to the Company and the Warrant Agent that the Warrant Shares to be delivered upon exercise of the Warrants have been registered under the 1933 Act and the securities laws of all applicable states of the United States or are exempt from the registration thereunder.
 - The Warrant Agent may rely solely on the exercise form included in the Warrant Certificate and any materials received pursuant to subsection (B) above, if applicable, in determining whether the holder has complied with all applicable securities legislation.
 - (ii) No certificates representing Warrant Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements set forth in subsection 5.1(d)(i)(B) and the Company has confirmed in writing to the Warrant Agent that the opinion of counsel is satisfactory to the Company.

5.2 Effect of Exercise of Warrants

Upon the exercise and payment by the holder of the Warrants as provided in Section 5.1, the Warrant Shares shall thereupon be issued and such Warrantholder is, at the time of delivery of exercise and payment, deemed to have become the holder or holders of record of the Warrant Shares comprised therein, in respect of which the Warrants are exercised or are deemed to have been exercised. The Warrant Shares issued upon the valid exercise of Warrants are only entitled to dividends declared in favour of shareholders of record on and after the date of exercise from which date such Warrant Shares are for all purposes and are deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

5.3 Partial Exercise of Warrants

A Warrantholder may exercise less than all of the Warrants held by such Warrantholder. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to receive, the Warrantholder upon such exercise shall, in addition, be entitled to receive without charge therefor, a new Warrant

Certificate(s) in respect of the balance of the Warrants represented by the surrendered Warrant Certificate and which are not then exercised.

5.4 Expiration of Warrants

After the Expiry Time, all rights under any Warrants in respect of which the right of exercise herein and therein provided for shall not theretofore have been exercised in accordance herewith and therewith shall wholly cease and terminate and such Warrant shall be void and have no effect.

5.5 Fractions of Shares

- (a) Where a Warrantholder is entitled to receive, as a result of the adjustments provided for in Section 4.2 or otherwise, on the exercise or partial exercise of its Warrants a fraction of a Warrant Share, such right may only be exercised in respect of such fraction in combination with another Warrant or Warrants which in the aggregate entitle the Warrantholder to receive a whole number of Warrant Shares.
- (b) If a Warrantholder is not able to, or elects not to, combine Warrants so as to be entitled to acquire a whole number of Warrant Shares, the Warrantholder may not exercise the right to acquire a fractional Warrant Share, and, as a result, has the right to acquire only that number of Warrant Shares equal to the next lowest whole number of Warrant Shares.

5.6 Accounting and Recording

- (a) The Warrant Agent shall promptly notify the Company with respect to Warrants exercised. The Warrant Agent shall record the particulars of the Warrants exercised which include the name or names and addresses of the persons who become holders of Warrant Shares on exercise pursuant to this Article 5 and the number of Warrant Shares issued. Within three Business Days of the exercise of each Warrant pursuant to Section 5.1, the Warrant Agent shall provide those particulars in writing to the Company.
- (b) The Warrant Agent shall promptly account to the Company with respect to the Warrants exercised and shall forward to the Company (or into an account or accounts of the Company with the bank or trust company designated by the Company for that purpose) all monies received on the purchase of the Warrant Shares through the exercise of the Warrants. All such monies, and any securities or other instruments from time to time received by the Warrant Agent, shall be received in trust for the Company.

5.7 Issuance of Warrant Shares

All certificates for Warrant Shares issued upon exercise of Warrants to any person who shall fail to certify to the Company at the time of exercise of the Warrants that it is not a U.S. Person and is not exercising the Warrants in the United States or for the account or benefit of a U.S. Person on the exercise of the Warrants shall, unless such Warrant Shares are registered under the 1933 Act and all applicable state securities laws, have the following legend endorsed thereon:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT, (C) INSIDE THE UNITED STATES PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE 1933 ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE

REGISTRATION REQUIREMENTS OF THE 1933 ACT OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS IN THE UNITED STATES OR SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTIONS."

"DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON THE TSX VENTURE EXCHANGE. A NEW CERTIFICATE BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY" MAY BE OBTAINED FROM OLYMPIA TRANSFER SERVICES INC., AS REGISTRAR AND TRANSFER AGENT OF THE COMPANY, UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION OR OPINION OF COUNSEL, IN A FORM SATISFACTORY TO OLYMPIA TRANSFER SERVICES INC. AND THE COMPANY, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT."

ARTICLE 6 MEETINGS OF WARRANTHOLDERS

6.1 Definitions

In this Article 6 or otherwise in this Indenture:

- (a) **"Adjourned Meeting"** means a meeting adjourned in accordance with Section 6.8;
- (b) **"Extraordinary Resolution"** means a resolution proposed to be passed as an extraordinary resolution at a Meeting duly convened for that purpose and held in accordance with the provisions of this Article 6, and carried by not less than 66 2/3% of the votes cast on such resolution in person or by proxy; and
- (c) **"Meeting"** means a meeting of the Warrantholders.

6.2 Convening Meetings

The Warrant Agent or the Company may convene a Meeting at any time at the expense of the Company. Upon receipt of a written requisition signed in one or more counterparts by Warrantholders holding not less than 10% of the Warrants outstanding, the Warrant Agent or the Company shall convene a Meeting, provided that adequate provision has been made by the Company or the Warrantholders for the costs of convening and holding a Meeting. If the Warrant Agent or the Company fails to convene the Meeting within 15 Business Days after being duly requisitioned to do so, the Warrantholders holding not less than 10% of the Warrants outstanding may themselves convene a Meeting the notice for which must be signed by a person that those Warrantholders specify, provided that the Warrant Agent and Company receive notice of the Meeting in accordance with Section 6.4. A written requisition must state, generally, the reason for the Meeting and business to be transacted at the Meeting.

6.3 Place of Meeting

Every Meeting must be held in Toronto, Ontario or at such other place that the Warrant Agent and Company approve.

6.4 Notice

The Warrant Agent or the Company, as the case may be, shall give written notice of each Meeting to each Warrantholder, the Warrant Agent (unless the meeting has been called by the Warrant Agent) and the

Company (unless the meeting has been called by the Company) in the manner specified in Article 9 at least 14 Business Days before the date of the Meeting. The Warrant Agent shall give written notice of each Adjourned Meeting to each Warrantholder in the manner specified in Article 9 at least 7 Business Days before the date of the Adjourned Meeting. The notice for a Meeting must state the time and place of the Meeting and, generally, the reason for the Meeting and the business to be transacted at the Meeting and shall contain such information as is reasonably necessary to enable the Warrantholder to make a reasoned decision on the business to be transacted. The notice for an Adjourned Meeting must state the time and place of the Adjourned Meeting but need not specify the business to be transacted at an Adjourned Meeting. The accidental omission by the Warrant Agent to give notice of a Meeting or an Adjourned Meeting to a Warrantholder does not invalidate a resolution passed at a Meeting or Adjourned Meeting.

6.5 Persons Entitled to Attend

The Company may and the Warrant Agent shall, each by its authorized representatives, attend every Meeting and Adjourned Meeting but neither the Company nor the Warrant Agent has the right to vote. The legal advisors of the Company, Warrant Agent, and any Warrantholders, respectively, may also attend a Meeting or Adjourned Meeting but do not have the right to vote, unless they have the right to vote as a Warrantholder.

6.6 Quorum

A quorum for a Meeting of the Warrantholders consists of two or more persons present in person and owning or representing by proxy not less than 25% of the Warrants then outstanding.

6.7 Chairman

The Warrant Agent shall nominate a natural person, who need not be a Warrantholder, as the chairman of a Meeting or Adjourned Meeting. If the person so nominated is not present within 25 minutes after the time set for holding the Meeting or Adjourned Meeting, the Warrantholders and proxies for Warrantholders present shall choose one of their number to be chairman.

6.8 Adjourned Meeting

If a quorum of the Warrantholders is not present within 30 minutes after the time fixed for holding a Meeting, the Meeting, if called by Warrantholders shall be dissolved, but in any other case stands adjourned to a date not less than 10 calendar days and not more than 30 calendar days later, at a place determined in accordance with Section 6.3, and at a time specified by the chairman. The Warrant Agent shall promptly and in accordance with Section 6.4 send a notice of the Adjourned Meeting to each Warrantholder. At an Adjourned Meeting, a Warrantholder or person representing a Warrantholder by proxy constitutes a quorum for the transaction of business for which the Meeting was convened.

6.9 Show of Hands

Subject to a poll and except as otherwise required herein, every question submitted to a Meeting or Adjourned Meeting is decided, in the first instance, by the majority of votes in a show of hands. If the vote is tied, the chairman does not have a casting vote and the motion is not carried. Each Warrantholder or person representing a Warrantholder by proxy will be entitled to one vote.

6.10 Poll

When requested by a Warrantholder acting in person or by the proxy representing the Warrantholder, the chairman of a Meeting or Adjourned Meeting shall request a poll on a question submitted to the meeting. Except as otherwise required herein including, but not limited to, a poll in relation to an Extraordinary Resolution, if a question has been put to a poll, that question is decided by the affirmative vote of not less than a majority of the votes given on the poll. If the vote is tied, the motion is not carried. On a poll, each Warrantholder is entitled to one vote for every Warrant then outstanding and of which he is the registered holder. A declaration

made in good faith by the chairman that a resolution has been carried or lost is conclusive evidence thereof, in the absence of manifest error. In the case of joint registered Warrantholders, any one of them present in person or represented by proxy may vote in the absence of the other or others but when more than one of them is present in person or by proxy, they may only vote together in respect of the Warrants of which they are joint registered holders.

6.11 Regulations

The Warrant Agent, or the Company with the approval of the Warrant Agent, may from time to time make and, thereafter, vary regulations not contrary to the provisions of this Indenture as it deems fit providing for and governing the following:

- (a) setting a record date for a Meeting for determining Warrantholders entitled to receive notice of and vote at a Meeting;
- (b) voting by proxy, the form of instrument appointing a proxy, the manner in which a proxy instrument must be executed, and the production of the authority of any person signing an instrument of a proxy on behalf of a Warrantholder;
- (c) lodging and the means of forwarding the instruments appointing proxies, and the time before a Meeting or Adjourned Meeting by which an instrument appointing a proxy must be deposited; and
- (d) any other matter relating to the conduct of a meeting of Warrantholders.

A regulation so made is binding and effective and votes given in accordance with such a regulation are valid. The Warrant Agent may permit Warrantholders to make proof of ownership in the manner the Warrant Agent approves.

6.12 Powers of Warrantholders

By Extraordinary Resolution, the Warrantholders may:

- (a) agree to any modification, abrogation, alteration, compromise, or arrangement of the rights of the Warrantholders whether arising under this Indenture, or otherwise at law, including the rights of the Warrant Agent in its capacity as warrant agent (subject to prior consent of the Warrant Agent, such approval not to be unreasonably withheld) hereunder or on behalf of the Warrantholders against the Company, which has been agreed to by the Company;
- (b) direct and authorize the Warrant Agent to exercise any discretion, power, right, remedy or authority given to it by or under this Indenture in the manner specified in such resolution or to refrain from exercising any such discretion, power, right, remedy, or authority;
- (c) assent to any change in or omission from the provisions contained in this Indenture or the Warrant Certificates or any ancillary or supplemental instrument which is agreed to by the Company, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;
- (d) with the consent of the Company, such consent not to be unreasonably withheld, remove the Warrant Agent or its successor in office and to appoint a new warrant agent to take the place of the Warrant Agent so removed;

- (e) upon the Warrant Agent being furnished with an indemnity and funding to cover its costs that is, in its discretion, sufficient, require the Warrant Agent to enforce any covenant of the Company contained in this Indenture or the Warrant Certificates, or to enforce any right of the Warrantholders in any manner specified in such Extraordinary Resolution, or to refrain from enforcing any such covenant or right;
- (f) restrain any Warrantholder from instituting or continuing any suit or proceeding against the Company for the enforcement of a covenant on the part of the Company contained in this Indenture or any of the rights conferred upon the Warrantholders as set out in this Indenture or the Warrant Certificates;
- (g) direct a Warrantholder who, as such, has brought a suit, action or proceeding to stay or discontinue or otherwise deal with the same upon payment of the costs, charges, and expenses reasonably and properly incurred by such Warrantholder in connection therewith;
- (h) waive and direct the Warrant Agent to waive a default by the Company in complying with any of the provisions of this Indenture or the Warrant Certificate either unconditionally or upon any conditions specified in such Extraordinary Resolution;
- (i) assent to a compromise or arrangement with a creditor or creditors or a class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Company; and
- (j) amend, alter, or repeal any Extraordinary Resolution previously passed pursuant to this Section 6.12

6.13 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercised by the Warrantholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholder to exercise such power or combination of powers then or thereafter from time to time.

6.14 Minutes of Meetings

The Warrant Agent shall make and maintain minutes and records of all resolutions and proceedings at a Meeting or Adjourned Meeting at the expense of the Company and shall make available those minutes and records at the office of the Warrant Agent for inspection by a Warrantholder or his authorized representative at reasonable times. If signed by the chairman of the Meeting or by the chairman of the next succeeding Meeting of the Warrantholders, such minutes shall be prima facie evidence of the matters therein stated, and until the contrary is proved, every such Meeting in respect of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

6.15 Written Resolutions

Notwithstanding the foregoing provisions of this Article 6, a written resolution or instrument signed in one or more counterparts by the Warrantholders holding not less than a majority of the Warrants outstanding in the case of a resolution, or not less than 66 2/3% of the Warrants outstanding in the case of an Extraordinary Resolution, is deemed to be the same as, and to have the same force and effect as, a resolution or Extraordinary Resolution, as the case may be, duly passed at a Meeting or Adjourned Meeting.

6.16 Binding Effect

A resolution of the Warrantholders passed pursuant to this Article 6 is binding upon all Warrantholders whether present or not present at the Meeting or Adjourned Meeting at which it was passed or whether or not consented to in writing. Upon the passing of a Warrantholder's resolution at a meeting of the Warrantholders, or upon the signing of a written resolution or instrument pursuant to Section 6.15 and delivery by the Company to the Warrant Agent of an original, certified or notarial copy, or copies, of such resolution as executed or passed by the Warrantholders, the Warrant Agent is entitled to and shall give effect thereto.

ARTICLE 7
SUPPLEMENTAL INDENTURES, MERGER, SUCCESSORS

7.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company shall, when authorized by the directors of the Company, and the Warrant Agent may, subject to the provisions of this Indenture, execute and deliver by their proper officers, deeds, indentures or instruments supplemental hereto, which thereafter form part hereof for any one or more or all of the following purposes:

- (a) adding to the provisions hereof such additional covenants, enforcement provisions, and release provisions (if any) as in the opinion of counsel acceptable to the Company and the Warrant Agent are necessary or advisable, provided the same are not, in the opinion of the counsel of the Warrant Agent prejudicial to the interests of the Warrantholders as a group;
- (b) adding to the covenants of the Company in this Indenture for the protection of the Warrantholders;
- (c) evidencing any succession (or successive successions) of other companies to the Company and the covenants of, and obligations assumed by, such successor (or successors) in accordance with the provisions of this Indenture;
- (d) making such provisions not inconsistent with this Indenture as may be deemed necessary or desirable with respect to matters or questions arising hereunder;
- (e) giving effect to an Extraordinary Resolution;
- (f) to rectify any ambiguity, defective provision, clerical omission or mistake or manifest or other error contained herein or in any deed or indenture supplemental or ancillary hereto provided that, in the opinion of the counsel of the Warrant Agent, the rights of the Warrantholder are not prejudiced thereby;
- (g) adding to, removing or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrant Certificates of different denominations, and making any modification in the form of the Warrant Certificate which does not affect the substance thereof or which is approved by counsel to the Company;
- (h) providing for the issuance of additional Warrants hereunder and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of counsel;
- (i) setting forth any adjustments resulting from the application of the provisions of Article 4 hereof; or
- (j) for any other purpose not inconsistent with the provisions of this Indenture.

7.2 Company May Consolidate, etc. on Certain Terms

Subject to Section 4.2, nothing in this Indenture prevents any consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate or bodies corporate, or a conveyance or transfer of all or substantially all the properties and assets of the Company as an entirety to any body corporate lawfully entitled to acquire and operate the same, provided, however, that the body corporate formed by such consolidation, amalgamation, arrangement or into which such merger has been made, or which has acquired by conveyance or transfer all or substantially all the properties and assets of the Company as an entirety, in circumstances resulting in the Warrantholders being entitled to receive property from or securities of such body corporate, shall execute prior to or contemporaneously with such consolidation, amalgamation, arrangement, merger, conveyance or transfer an indenture supplemental hereto wherein the due and punctual performance and observance of all the covenants and conditions of this Indenture to be performed or observed by the Company are assumed by the successor body corporate. The Warrant Agent is entitled to receive and is fully protected in relying upon an opinion of counsel that any such consolidation, amalgamation, arrangement, merger, conveyance or transfer, and a supplemental indenture executed in connection therewith, complies with the provisions of this Section.

7.3 Successor Body Corporate Substituted

Where the Company, pursuant to Section 7.2 hereof, is consolidated, amalgamated, arranged or merged with or into any other body corporate or bodies corporate or conveys or transfers all or substantially all of the properties and assets of the Company as an entirety to another body corporate, the successor body corporate formed by such consolidation, amalgamation, arrangement or into which the Company has been merged or which has received a conveyance or transfer as aforesaid succeeds to and is substituted for the Company hereunder with the same effect as nearly as may be possible as if it had been named herein. Such changes may be made in the Warrants and Warrant Certificates as may be appropriate in view of such consolidation, amalgamation, arrangement, merger, conveyance or transfer.

**ARTICLE 8
CONCERNING THE WARRANT AGENT**

8.1 Duties of Warrant Agent

By way of supplement to the provisions of any statute for the time being relating to warrant agents, and notwithstanding any other provision of this Indenture, in the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interest of the Warrantholders and exercise that degree of care, diligence and skill that a reasonably prudent professional warrant agent would exercise in comparable circumstances. The Warrant Agent is not responsible for the application of funds advanced by the Warrantholders to the Company.

8.2 Action by Warrant Agent

The Warrant Agent is not obligated to do any act or thing except where required to do so by this Indenture and, in the case of a default, only when it has actual notice thereof.

8.3 Certificate of the Company

If in the administration of the trusts of this Indenture, the Warrant Agent deems it necessary or desirable that any matter be proved or established by the Company, prior to taking or suffering any action hereunder, the Warrant Agent may accept and rely on a certificate of the Company as conclusive evidence of the truth of any fact relating to the Company or its assets therein stated and proof of the regularity of any proceedings or actions associated therewith, but the Warrant Agent may in its discretion require further evidence or information before acting or relying on any such certificate.

8.4 Warrant Agent May Employ Experts or Agents

The Warrant Agent may, at the Company's expense, employ or retain such lawyers, accountants, engineers, appraisers or other experts, advisers or agents as it may reasonably require for the purpose of discharging its duties hereunder and may pay reasonable remuneration for such services rendered to it but it is not responsible for any misconduct, mistake or error of judgment on the part of any of them. The Company shall reimburse the Warrant Agent for all disbursements, costs and expenses made or incurred by the Warrant Agent in the discharge of its duties and in the management of the trusts hereunder. The Warrant Agent may rely upon and act upon the opinion or advice of, or information obtained from, any such lawyer, accountant, engineer, appraiser or other expert, adviser or agent in relation to any matter arising in the administration of the trusts hereof. The Warrant Agent shall not incur any liability for the acts or omissions of such lawyers, accountants, engineers, appraisers or other experts, advisers or agents employed by the Warrant Agent in good faith and in conformity with the standards of care contemplated in Section 8.1.

8.5 Resignation and Replacement of Warrant Agent

- (a) The Warrant Agent may resign its trust and be discharged from all further obligations hereunder by giving to the Company and the Warrantholders written notice at least 60 days before the effective date of the resignation. If the Warrant Agent resigns, or becomes incapable of acting hereunder, the Company shall forthwith appoint in writing a new warrant agent. Failing such appointment by the Company or by the Warrantholders by Extraordinary Resolution, the retiring Warrant Agent or any Warrantholder may apply to a Judge of the Superior Court of Justice for Ontario on such notice as such Judge may direct, for the appointment of a new warrant agent. The Warrantholders may, by Extraordinary Resolution, remove the Warrant Agent (including a warrant agent appointed by the Company or by a Judge as aforesaid) and appoint a new warrant agent. On any new appointment, the new warrant agent is vested with the same powers, rights, duties and obligations as if it had been originally named as Warrant Agent without any further assurance, conveyance, act or deed. If for any reason it becomes necessary or expedient to execute any further deed or assurance, the former Warrant Agent shall execute the same in favour of the new warrant agent.
- (b) Any company resulting from a merger, consolidation, arrangement or amalgamation to which the Warrant Agent for the time being is a party shall be the successor Warrant Agent under this Indenture without any further act.
- (c) In case at any time the name of the Warrant Agent is changed and at such time any of the Warrant Certificates have been countersigned but not delivered, the Warrant Agent may adopt the countersignature under its prior name and deliver Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates have not been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates will have the full force provided in the Warrant Certificates and in this Indenture.

8.6 Indenture Legislation

The Company and the Warrant Agent agree that each shall at all times in relation to this Indenture and to any action to be taken hereunder, observe and comply with and be entitled to the benefits of all Applicable Legislation. If and to the extent that any provision of this indenture limits, qualifies or conflicts with any mandatory requirement of Applicable Legislation, such mandatory requirement prevails.

8.7 Notice

The Warrant Agent is not required to give notice to third parties, including the Warrantholders, of the execution of this Indenture.

8.8 Use of Proceeds

The Warrant Agent is in no way responsible for the use by the Company of the proceeds of the issue hereunder.

8.9 No Inquiries

The Warrant Agent is not bound to make any inquiry or investigation as to the correctness of the matters set out in any of the resolutions, opinions, certificates or other documents required by the provisions of this Indenture, but is entitled to accept and act upon the resolutions, opinions, certificates or other documents. The Warrant Agent may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The Warrant Agent is not bound to make any inquiry or investigation as to the performance by the Company of the Company's covenants hereunder.

8.10 Warrant Agent Not Required to Give Security

The Warrant Agent is not required to give any bonds or security with respect to the execution or administration of the trusts and powers of this Indenture.

8.11 No Conflict of Interest

The Warrant Agent represents to the Company that, at the date of execution and delivery by it of this Indenture, there exists no material conflict of interest in the role of the Warrant Agent as a fiduciary hereunder but if, notwithstanding the provisions of this Section 8.11, such a material conflict of interest exists, the validity and enforceability of this Indenture and the instruments issued hereunder is not affected in any manner whatsoever by reason only that such material conflict of interest exists or arises. The Warrant Agent shall, within 90 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 8.5.

8.12 Warrant Agent Not Ordinarily Bound

The obligation of the Warrant Agent to exercise its duties hereunder is conditional upon Warrantholders furnishing, when required in writing to do so by the Warrant Agent, an indemnity reasonably satisfactory to the Warrant Agent, and funds sufficient for commencing or continuing the act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and hold harmless the Warrant Agent against any loss, damage or liability by reason thereof. The Warrant Agent is not obligated to expend or risk its own funds or otherwise incur financial liability in connection with the commencement or continued exercise of its duties hereunder or any of its duties or powers unless indemnified as aforesaid.

8.13 Warrant Agent May Deal in Instruments

The Warrant Agent may in its personal or other capacity, buy, sell, lend upon and deal in and hold securities of the Company and generally contract and enter into financial transactions with the Company or otherwise, without being liable to account for any profits made thereby.

8.14 Recitals or Statements of Fact Made by Company

Subject to the provisions hereof, the Warrant Agent is not liable for or by reason of any of the statements of fact or recitals contained in this Indenture or in the Warrant Certificates and is not required to verify the same but all such statements and recitals are and are deemed to have been made by the Company only.

8.15 Warrant Agent's Discretion Absolute

The Warrant Agent, except as herein otherwise provided, has, as regards all the trusts, powers, authorities and discretions vested in it, absolute and uncontrolled discretion as to the exercise thereof, whether in

relation to the manner or as to the mode and time for the exercise thereof. The Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve or protect its interest and the interest of Warrantholders.

8.16 No Representations as to Validity

The Warrant Agent is not:

- (a) under any responsibility in respect of the validity of this Indenture or the execution and delivery thereof or in respect of the validity or the execution of any Warrant issued hereunder;
- (b) responsible for any breach by the Company of any covenant or condition contained in this Indenture or in any such Warrant Certificate; or
- (c) by any act hereunder, deemed to make any representation or warranty as to the authorization or reservation of any Common Shares to be issued as provided in this Indenture or in any Warrant Certificate or as to whether any shares will when issued be duly authorized or be validly issued and fully paid and non-assessable. The duty and responsibility as to all the matters and things referred to in this Section 8.16 rests upon the Company and not upon the Warrant Agent and the failure of the Company to discharge any such duty and responsibility does not in any way render the Warrant Agent liable or place upon it any duty or responsibility for breach of which it would be liable.

8.17 Acceptance of Trusts

The Warrant Agent hereby accepts the trusts of this Indenture and agrees to perform the same upon the terms and conditions herein set forth or referred to unless and until discharged therefrom by resignation or in some other lawful way.

8.18 Warrant Agent's Authority to Carry on Business

The Warrant Agent represents to the Company that at the date hereof it is authorized to carry on business of a warrant agent in each of the Designated Provinces. If, notwithstanding the provisions of this Section 8.18, it ceases to be authorized to carry on such business in each of the provinces of Canada, the validity and enforceability of this Indenture and of the Warrants issued hereunder are not affected in any manner whatsoever by reason only of such event, provided that the Warrant Agent shall, within 30 days after ceasing to be authorized to carry on such business in each of the provinces of Canada, either become so authorized or resign in the manner and with the effects specified in Section 8.5.

8.19 Indemnification of Warrant Agent

Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Company hereby agrees to indemnify and hold harmless the Warrant Agent from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Warrant Agent in connection with the performance of its duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and other disbursements arising by reason of the gross negligence, wilful misconduct, bad faith or fraud of the Warrant Agent. This provision shall survive the resignation or removal of the Warrant Agent, or the termination of this Indenture. The Warrant Agent shall not be under any obligation to prosecute or to defend any action or suit in respect of the relationship which, in the opinion of its counsel, may involve it in expense or liability, unless the Company shall, so often as required, furnish the Warrant Agent with satisfactory indemnity and funding against such expense or liability.

8.20

Not Bound to Act

- (a) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Company, provided (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such 10-day period, then such resignation shall not be effective.
- (b) The Warrant Agent shall not be bound to do or give any notice or take any act, action, proceeding for the enforcement of any of the obligations of the Company under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding which the Warrant Agent is requested to take, nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and , in the absence of any such notice, the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements, or conditions contained herein.
- (c) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Company shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Company.
- (d) The Warrant Agent shall be protected in acting and relying upon any written notice, opinions, reports, certificates, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively referred to as "Documents") furnished to it and signed by any person required to or entitled to execute and deliver to the Warrant Agent any such Documents in connection with this Indenture, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and accuracy of any information therein contained, which it in good faith believes to be genuine.
- (e) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by the certificate of a notary, solicitor or commissioner for oaths, or other officer with similar powers, that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate.
- (f) None of the provisions contained in this Agreement shall require the Warrant Agent to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as set out in section 8.19.
- (g) The Warrant Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Warrantholders, at whose instance it is acting, to deposit with the Warrant Agent the Warrant Certificates held by them, for which Warrant Certificates the Warrant Agent shall issue receipts.
- (h) No duty shall rest with the Warrant Agent to determine compliance of the transferor or transferee with applicable securities laws and the Warrant Agent shall be entitled to assume that all transfers are legal and proper.

- (i) The Warrant Agent shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake, in fact or law, or for anything which it may do or refrain from doing in connection herewith except arising out of its own gross negligence, bad faith or willful misconduct.

ARTICLE 9 NOTICES

9.1 Notice to Company and Warrant Agent

Any notice to the Company or the Warrant Agent under the provisions of this Indenture is valid and effective if in writing delivered or sent by telecopier:

- (a) to the Company at:

Cleanfield Alternative Energy Inc.
1404 Cormorant Road, Unit #6
Ancaster, Ontario, L9G 4V5

Attention: President
Facsimile: 905-304-2221

with a copy to:

Fogler, Rubinoff LLP
Suite 1200
95 Wellington Street West
Toronto, ON M5J 2Z9

Attention: Jay Vieira
Fax: 416-941-8852

- (b) to the Warrant Agent at:

Olympia Transfer Services Inc.
120 Adelaide Street West, Suite 920
Toronto, Ontario
M5H 1T1

Attention: Vice-President, Eastern Operations
Fax: 416-364-1827

and is deemed to have been effectively given on the date of delivery if delivered and on the first Business Day following the date of transmission if sent by telecopier.

9.2 Notice to Warrantholders

- (a) Unless herein otherwise expressly provided, any notice to be given hereunder to Warrantholders shall be deemed to be validly given if the notice is sent by first class mail, postage prepaid, addressed to the holder or delivered by hand (or so mailed to certain holders and so delivered to other holders) at their respective addresses appearing on the register maintained by the Warrant Agent and if in the case of joint holders of any Warrants more than one address appears on the register in respect of that joint holding, the notice shall be addressed or delivered, as the case may be, only to the first address, as the case may be, so appearing. Any notice so given shall be

deemed to have been given on the day of delivery by hand or on the third Business Day following the date of the postmark on such notice if delivered by mail.

- (b) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders could reasonably be considered unlikely to reach its destination, the notice may be published or distributed once in the Report on Business section of the national edition of The Globe and Mail newspaper or, in the event of a disruption in the circular of that newspaper, once in a daily newspaper in the English language of general circulation in the City of Toronto, Ontario; provided that in the case of a notice convening a meeting of the holders of Warrants, the Warrant Agent may require such additional publications of that notice, in the same or in other cities or both, as it may deem necessary for the reasonable protection of the holders of Warrants or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required (or first published in a city if more than one publication in that city is required). In determining under any provision hereof, the date when notice of any meeting or other event must be given, the date of giving notice shall be included and the date of the meeting or other event shall be excluded.

ARTICLE 10 POWER OF BOARD OF DIRECTORS

10.1 Board of Directors

In this Indenture, where the Company is required or empowered to exercise any acts, all such acts may be exercised by the directors of the Company, by any duly appointed committee of the directors of the Company or by those officers of the Company authorized to exercise such acts.

ARTICLE 11 MISCELLANEOUS PROVISIONS

11.1 Further Assurances

The parties covenant and agree from time to time, as may be reasonably required by any party hereto, to execute and deliver such further and other documents and do all matters and things which are convenient or necessary to carry out the intention of this Indenture more effectively and completely.

11.2 Unenforceable Terms

If any term, covenant or condition of this Indenture or the application thereof to any party or circumstance is invalid or unenforceable to any extent, the remainder of this Indenture or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable is not affected thereby and each remaining term, covenant or condition of this Indenture is valid and enforceable to the fullest extent permitted by law.

11.3 No Waiver

No consent or waiver, express or implied, by either party to or of any breach or default by the other party in the performance by the other party of its obligations hereunder is deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such party. Failure on the part of either party to complain of any act or failure to act of the other party or to declare the other party in default, irrespective of how long such failure continues, does not constitute a waiver by such party of its rights hereunder.

11.4 Suits By Warrantholders

- (a) No Warrantholder has any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Company wound up or to file or prove a claim in any liquidation or bankruptcy proceedings or for any other remedy hereunder unless the Warrantholders by Extraordinary Resolution have made a request to the Warrant Agent and the Warrant Agent has been afforded reasonable opportunity to proceed or complete any action or suit for any such purpose whether or not in its own name and the Warrantholders or any or them have furnished to the Warrant Agent, when so requested by the Warrant Agent sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby and the Warrant Agent has failed to act within a reasonable time or the Warrant Agent has failed to actively pursue any such act or proceeding.
- (b) Subject to the provisions of this Section and otherwise in this Indenture, all or any of the rights conferred upon a Warrantholder by the terms of a Warrant may be enforced by such Warrantholder by appropriate legal proceedings without prejudice to the right which is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Warrantholders from time to time.

11.5 Enurement

This Indenture enures to the benefit of and is binding upon the parties hereto and their respective successors and assigns.

11.6 Formal Date and Effective Date

For the purpose of convenience this Indenture is referred to as bearing the formal date of July 31, 2008, however, notwithstanding such formal date, this Indenture becomes effective as between the Company and any particular Warrantholder upon the date of issuance of a Warrant Certificate to such Warrantholder.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF the Company has caused this Warrant Indenture to be executed and the Warrant Agent has caused this Warrant Indenture to be countersigned by its duly authorized officers as of this 31st day of July, 2008.

**CLEANFIELD ALTERNATIVE ENERGY
INC.**

Per: "Tony Verrelli"
Authorized Signatory

OLYMPIA TRANSFER SERVICES INC.

Per: "Richard M. Barnowski"
Authorized Signatory

Per: "Lisa Clarkin"
Authorized Signatory

SCHEDULE "A"

SPECIMEN FORM OF WARRANT CERTIFICATE

SCHEDULE "B"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Olympia Transfer Services Inc.

as Warrant Agent
for the warrants of
Cleanfield Alternative Energy Inc. (the "Issuer")

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

Dated: _____

(Print Name)

By: _____

Name: _____

Title: _____