LARA EXPLORATION LTD.

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

COMMON SHARE PURCHASE WARRANT INDENTURE

Providing for the Issue of
Common Share Purchase Warrants

● , 2005

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THIS WARRANT INDENTURE dated as of ________________________, 2005.

AMONG:

LARA EXPLORATION LTD., a company organized under the laws of British Columbia and having an office at Suite 300 – 570 Granville Street, Vancouver, British Columbia, V6C 3P1

(hereinafter called the "**Company**")

AND: **COMPUTERSHARE TRUST COMPANY OF CANADA**, having an office at 510 Burrard Street 2nd Floor, Vancouver, British Columbia, V6C 3B9

(hereinafter called the "**Trustee**")

RECITALS:

A. All capitalized terms used in these recitals have the meanings ascribed to them in section 1.1 below;

B. The Company proposes to issue up to 2,000,000 Warrants;

C. For such purpose the Company deems it necessary to create and issue Warrants to be constituted and issued in the manner hereinafter set forth;

D. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;

E. All things necessary have been done and performed to make the Warrants, when certified by the Trustee and issued as provided in this indenture, legal, valid and binding upon the Company with the benefits of and subject to the terms of this indenture;

F. The foregoing recitals are made as statements of fact by the Company and not by the Trustee; and

H. The Trustee has agreed to act as the trustee of the Warrants and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this indenture from time to time;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this indenture, unless there is something in the subject matter or context inconsistent therewith:

"**Applicable Legislation**" means the provisions of the statutes of Canada, British Columbia, Alberta and Ontario and the regulations under those statutes relating to trust indentures and/or the rights, duties or obligations of issuers and trustees under trust indentures as are from time to time in force and applicable to this indenture;

"**Business Day**" means a day that is not a Saturday, Sunday, a day on which banks are closed in Vancouver, British Columbia or a civic or statutory holiday in Vancouver, British Columbia;

"**Common Shares**", subject to subsection 5.3(3), means fully paid and non-assessable common shares without par value in the capital of the Company;

"**Company**" means Lara Exploration Ltd., a company organized under the laws of the Province of British Columbia, and its lawful successor(s) from time to time;

"**Company's Auditors**" means the chartered accountant or firm of chartered accountants duly appointed as auditor or auditors of the Company from time to time;

"**Convertible Securities**" means securities of the Company (other than the Warrants) or of any other issuer that are convertible into or exchangeable for or otherwise carries the right to acquire Common Shares;

"**counsel**" means a barrister, solicitor or attorney (who may be an employee of the Company) or a firm of barristers and solicitors or attorneys (who may be counsel to the Company), in both cases acceptable to the Trustee, acting reasonably;

"**Current Market Price**" at any date, means the weighted average price per Common Share at which the Common Shares have traded:

(i) on the TSX-V;

(ii) if the Common Shares are not listed on the TSX-V, on any stock exchange upon which the Common Shares are listed as may be selected for this purpose by the directors of the Company and approved by the Trustee; or

(iii) if the Common Shares are not listed on any stock exchange, on any over-the-counter market as may be selected for this purpose by the directors of the Company and approved by the Trustee;

during the last twenty (20) trading days ending the fifth trading day before such date, and the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares traded on the exchange or market, as the case may be, during such twenty (20) consecutive trading days by the aggregate number of Common Shares sold;

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

"**Exchange Basis**" means, as at any time, 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;

"**Exercise Date**" with respect to any Warrant means the date on which all of the documents and payments required for the exercise thereof are deemed to have been surrendered for exercise in accordance with the provisions of Article 4;

"**Exercise Form**" has the meaning ascribed thereto in subsection 4.1(1);

"**Exercise Price**" means the purchase price payable for each Common Share issuable upon exercise of each Warrant, such price to be $0.50 for each Common Share, subject to adjustment in accordance with the provisions of this indenture;

"**extraordinary resolution**" has the meaning ascribed thereto in sections 8.12 and 8.15;

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

"**Regulation S**" means Regulation S under the U.S. Securities Act;

"**Securities Laws**" means, as applicable, the securities laws, regulations, rules, rulings and orders in British Columbia, Alberta and Ontario in which Warrants have been distributed and sold, the applicable policy statements issued by the securities regulators in each of such provinces of Canada and the rules and policies of the TSX-V;

"**Share Reorganization**" has the meaning ascribed thereto in subsection 5.2(1);

"**shareholder**" means an owner of record of one or more Common Shares or shares of any other class or series in the capital of the Company;

"**subsidiary of the Company**" means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Company or by one or more subsidiaries of the Company and, as used in this definition, "**voting shares**" means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

"**this Warrant Indenture**", "**this indenture**", "**herein**", "**hereby**" and similar expressions mean or refer to this Warrant Indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions "**Article**", "**section**" or "**subsection**" followed by a number or letter mean and refer to the specified Article, section or subsection of this indenture;

"**Time of Expiry**" means, in respect of a Warrant issued hereunder, **[4:00 p.m]**. (local time in the City of **[Vancouver]**) on ●, 2006; **[NTD: check against language in prospectus]**

"**trading day**" means a day on which a stock exchange or over-the-counter market on which the Common Shares are listed or quoted is open for trading or quotation;

"**Transfer Agent**" means the transfer agent or agents for the time being of the Common Shares;

"**Trustee**" means Computershare Trust Company of Canada, at its office in Vancouver, British Columbia, or any lawful successor thereto including through operation of section 10.8;

"**TSX-V**" means the TSX Venture Exchange and any successor thereof;

"**U.S. Person**" means a U.S. person as that term is defined in Regulation S;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**United States**" means the United States as that term is defined in Regulation S;

"**Warrant Certificates**" means the certificates representing the Warrants substantially in the form attached as Schedule "A" hereto or such other form as may be approved under section 2.2, evidencing Warrants;

"**Warrantholders**" or "**holders**" means the persons whose names are entered for the time being in the register maintained pursuant to section 3.4;

"**Warrantholders' Request**" means an instrument, signed in one or more counterparts by Warrantholders entitled to purchase, in the aggregate, at least 25% of the aggregate number of the Common Shares that could be acquired pursuant to the exercise of all Warrants then outstanding, which requests the Trustee to take some action or proceeding specified therein;

"**Warrant Shares**" means the Common Shares issuable on exercise of the Warrants;

"**Warrants**" means the common share purchase warrants created by the Company under subsection 2.1 and issued and certified hereunder entitling the holders thereof to purchase Common Shares on the basis of one Common Share for each whole Warrant upon payment of the Exercise Price; provided that in each case the number and/or class of shares or securities receivable on the exercise of the Warrant may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

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

1.2 **Words Importing the Singular**

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

1.3 **Interpretation not Affected by Headings**

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

1.4 **Day not a Business Day**

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

1.5 **Time of the Essence**

Time shall be of the essence in all respects in this indenture, the Warrants and the Warrant Certificates.

1.6 **Governing Law**

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

1.7 **Meaning of "outstanding" for Certain Purposes**

Every Warrant represented by a Warrant Certificate certified and delivered by the Trustee hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Trustee for cancellation or until the Time of Expiry, provided that:

a) where a new Warrant Certificate has been issued pursuant to section 2.5 hereof to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding; and

b) a Warrant Certificate that has been partially exercised or exchanged shall be deemed to be outstanding only to the extent of the unexercised or unexchanged part of the Warrants.

1.8 **Currency**

Unless otherwise stated, all dollar amounts referred to in this indenture are in Canadian dollars.

1.9 **Termination**

This indenture shall continue in full force and effect until the earlier of: (a) the Time of Expiry; and (b) the date that no Warrants are outstanding hereunder; provided that this indenture shall continue in effect thereafter, if applicable, until the Company and the Trustee have fulfilled all of their respective obligations under this indenture.

ARTICLE 2
ISSUE OF WARRANTS

2.1 **Issue of Warrants**

Up to 2,000,000 Warrants entitling the registered holders thereof to acquire an aggregate of 2,000,000 Common Shares subject to adjustment as provided herein are hereby created and authorized to be issued hereunder at the Exercise Price upon the terms and conditions herein set forth and shall be executed by the Company and certified by or on behalf of the Trustee upon the written order of the Company and delivered by the Company in accordance with sections 2.3 and 2.4.

2.2 **Form and Terms of Warrants**

(1) The Warrant Certificates for the Warrants shall be issuable in registered form only and substantially in the form attached as Schedule "A" hereto, subject to the provisions of this indenture, with such additions, variations and changes as may be required or permitted by the terms of this indenture, and which may from time to time be agreed upon by the Trustee and the Company. All Warrant Certificates shall be dated the date of issue and shall have such legends, distinguishing letters and numbers as the Company may, with the approval of the Trustee, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Company may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities which may be acquired pursuant to the Warrants.

(2) Subject to the provisions of Articles 4 and 5 herein, each Warrant authorized to be issued hereunder shall entitle the registered holder thereof to acquire upon due exercise and upon the due execution of the exercise form endorsed on the reverse side of or attached to the Warrant Certificate or other instrument of exercise in such form as the Trustee and/or the Company may from time to time prescribe and upon payment of the Exercise Price, one Common Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of sections 5.2 and 5.3, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this indenture.

(3) Fractional Warrants shall not be issued or otherwise provided for.

2.3 **Signing of Warrant Certificates**

The Warrant Certificates shall be signed by any one of the directors or officers of the Company and may, but need not be under the corporate seal of the Company or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile or scanned format and Warrant Certificates bearing such facsimile signatures shall be binding upon the Company as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or facsimile signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, subject to section 2.4 be valid and binding upon the Company and the registered holder thereof will be entitled to the benefits of this indenture.

2.4 **Certification by the Trustee**

(1) No Warrant Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the registered holder to the benefit hereof or thereof until it has been certified by manual signature by or on behalf of the Trustee and such certification by the Trustee upon any Warrant Certificate shall be conclusive evidence as against the Company that the Warrant Certificate so certified has been duly issued hereunder and the holder is entitled to the benefits hereof.

(2) The certification of the Trustee on the Warrant Certificates issued hereunder shall not be construed as a representation or warranty by the Trustee as to the validity of this indenture or the Warrants (except the due certification thereof) and the Trustee shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

2.5 **Issue in Substitution for Lost Warrants**

(1) In the event that any Warrant Certificates issued and certified under this indenture shall become mutilated or be lost, destroyed or stolen, the Company, subject to applicable law and to subsection 2.5(2), shall issue and thereupon the Trustee shall certify and deliver a new Warrant Certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, in place of and upon cancellation of the mutilated Warrant Certificate or in lieu of and in substitution for the lost, destroyed or stolen Warrant Certificate and the substituted Warrant Certificate shall be in a form approved by the Trustee and Warrants evidenced by it will entitle the holder to the benefit hereof and will rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this section shall bear the cost of the issue thereof and in the case of mutilation shall as a condition precedent to the issue thereof, deliver to the Trustee the mutilated Warrant Certificate, and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company and to the Trustee such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Company and to the Trustee in their discretion and the applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Trustee in their discretion and shall pay the reasonable charges of the Company and the Trustee in connection therewith.

2.6 **Warrantholder not a Shareholder**

Nothing in this indenture or in the holding of a Warrant evidenced by a Warrant Certificate or otherwise shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a shareholder, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Company nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

2.7 **Warrants to Rank Pari Passu**

All Warrants shall rank pari passu with all other Warrants, whatever may be the actual date of issue of the class of same.

2.8 **Optional Purchases by the Company**

Subject to applicable law, the Company may from time to time purchase on any stock exchange, in the open market, by private agreement or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the board of directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons, and on such other terms as the Company in its sole discretion may determine. The Warrant Certificates representing the Warrants purchased pursuant to this section 2.8 shall forthwith be delivered to and cancelled by the Trustee.

ARTICLE 3
EXCHANGE, OWNERSHIP AND TRANSFER OF WARRANTS

3.1 **Exchange of Warrants**

(1) Warrant Certificates may, upon compliance with the requirements of the Trustee, be exchanged for Warrant Certificates of different denomination(s) evidencing in the aggregate an equal number of Warrants as the number of Warrants represented by the Warrant Certificates being exchanged. The Company shall sign and the Trustee shall certify, in accordance with sections 2.3 and 2.4, all Warrant Certificates necessary to carry out the exchanges contemplated herein.

(2) Warrant Certificates may be exchanged only at the transfer offices of the Trustee in Vancouver, British Columbia or Toronto, Ontario, or at any other place that is designated by the Company in writing with the approval of the Trustee. Any Warrant Certificates tendered for exchange shall be surrendered to the Trustee or to its agent and cancelled.

3.2 **Charges for Exchange**

For each Warrant Certificate exchanged, the Trustee, except as otherwise herein provided, shall charge, if required by the Company, a reasonable sum for each new Warrant Certificate issued. The party requesting the exchange, as a condition precedent thereto, shall pay such charges and shall pay or reimburse the Trustee or the Company for all eligible transfer taxes or governmental or other similar transfer charges required to be paid in connection therewith.

3.3 **Ownership of Warrants**

The Company and the Trustee and their respective agents may deem and treat the holder of any Warrant Certificate as the absolute owner of the Warrant(s) represented thereby for all purposes, and the Company and the Trustee and their respective agents shall not be affected by any knowledge to the contrary. Subject to applicable law, the holder of any Warrant shall be entitled to the rights evidenced by such Warrant free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof and all persons may act accordingly and the receipt from any holder for the Common Shares or monies obtainable pursuant thereto shall be a good discharge to the Company and the Trustee for the same and neither the Company nor the Trustee shall be bound to inquire into the title of any holder.

3.4 Registration and Transfer of Warrants

(1) The Company hereby appoints the Trustee as registrar of the Warrants and will cause to be kept by the Trustee at its principal office in Vancouver, British Columbia and in such other place or places and by such other agent as the Company with the approval of the Trustee may designate:

(a) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them and the Trustee shall be entitled to rely on such register in connection with the exchange, transfer, exercise or deemed exercise of any Warrant or Warrants pursuant to the terms of this indenture or the terms thereof; and

(b) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(2) No transfer of any Warrant will be valid unless entered on the register of transfers referred to in subsection 3.4(1) hereof, upon surrender to the Trustee of the Warrant Certificate evidencing such Warrant, and a duly completed and executed Transfer of Warrants form attached to the Warrant Certificate executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, and, upon compliance with such requirements and such other reasonable requirements as the Trustee may prescribe, such transfer will be recorded on the register of transfers by the Trustee.

(3) The transferee of any Warrant will, after surrender to the Trustee of the Warrant Certificate evidencing such Warrant as required by subsection 3.4(2) hereof and upon compliance with all other conditions in respect thereof required by this indenture or by law, be entitled to be entered on the register of holders referred to in subsection 3.4(1) hereof, as the owner of such Warrant free from all equities or rights of set-off or counterclaim between the Company and the transferor or any previous holder of such Warrant, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

(4) The Company will be entitled, and may direct the Trustee, to refuse to recognize any transfer, or enter the name of any transferee of any Warrant on the registers referred to in subsection 3.4(1) hereof, if such transfer would constitute a violation of the securities laws of any jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. Other than ensuring compliance with the terms of this indenture and the Warrant Certificates, the Trustee is entitled to assume compliance with all Securities Laws and regulatory requirements on the issue, exercise or transfer of any Warrants or Common Shares or other securities issued upon exercise of any Warrants unless otherwise notified in writing by the Company. No duty shall rest with the Trustee to determine compliance of the transferee or transferor of any Warrant with Securities Laws and regulatory requirements. The Trustee shall be entitled to process all proffered transfers and exercises of Warrants upon the presumption that such transfers or exercises are permissible pursuant to all Securities Laws and regulatory requirements and the terms of this indenture and the related Warrant Certificates. The Trustee may assume for the purposes of this indenture that the address on the register of Warrantholders of any

Warrantholder is the actual address of such Warrantholder and is also determinative of the residence of such Warrantholder and that the address of any transferee to whom any Warrants or Common Shares or other securities issuable upon the exercise of any Warrants are to be registered, as shown on the transfer document, is the actual address of the transferee and is also determinative of the residency of the transferee.

(5) Any Warrant Certificate issued to a transferee in a transfer contemplated by this section 3.4 shall bear the appropriate legend(s) as required by the Transfer of Warrants form.

(6) If the Company obtains the acceptance of any stock exchange for the listing thereon of the Warrants after this indenture is entered into, the Company shall, if it intends to proceed with such listing, provide to the Trustee a form of notice of transmittal acceptable to the Trustee. The notice of transmittal to be sent by the Trustee to the registered Warrantholders shall provide instructions to such holders respecting the exchange of the Warrant Certificate for a form of warrant certificate acceptable to the applicable stock exchange (the "**New Warrant Certificate**"). The Warrant Certificate may not constitute good delivery for the purpose of a transfer through the facilities of the TSX-V and therefore Warrantholders must deliver the Warrant Certificate to the Trustee and receive a New Warrant Certificate in exchange therefor in order to complete a transfer or sale of Warrants through the facilities of such stock exchange.

3.5 **Registers Open for Inspection**

The registers referred to in subsection 3.4(1) shall be open at all reasonable times during business hours on a Business Day for inspection by the Company, the Trustee or any Warrantholder. The Trustee shall, from time to time when requested to do so in writing by the Company, furnish the Company with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Trustee and showing the number of Common Shares which might then be acquired upon the exercise of the Warrants held by each such holder.

ARTICLE 4
EXERCISE OF WARRANTS

4.1 **Method of Exercise of Warrants**

(1) The registered holder of any Warrant may, at any time prior to the Time of Expiry, exercise the right thereby conferred to acquire Common Shares by surrendering the Warrant Certificate representing such Warrants to the Trustee at its offices in Vancouver, British Columbia or Toronto, Ontario or at any other place or places that may be designated by the Company with the approval of the Trustee, with a duly completed and executed exercise form (the "**Exercise Form**") of the registered holder or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Trustee, substantially in the form set out as part of Schedule "A" attached hereto, specifying the number of Common Shares subscribed for together with (i) a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Company in an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for; and (ii) any opinion of counsel required by the Exercise Form. A Warrant Certificate with the duly completed and executed Exercise Form, payment of the Exercise Price and other required documentation shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Trustee.

(2) Any Exercise Form referred to in subsection 4.1(1) shall be signed by the Warrantholder or the Warrantholder's executors or administrators or other legal representatives or an

attorney of the Warrantholder duly appointed by an instrument in writing satisfactory to the Trustee and the Company. The Exercise Form attached to the Warrant Certificate shall be completed to specify the number of Warrants being exercised, the person or persons in whose name or names the Common Shares are to be issued upon exercise, the person's or persons' address or addresses and the number of Common Shares to be issued to each person if more than one is so specified. If any of the Common Shares to be acquired are to be issued to a person or persons other than the Warrantholder, the Warrantholder shall pay to the Trustee or to its agent any and all eligible transfer taxes or governmental or other charges required to be paid in respect of the transfer of the Warrants and the signature of the Warrantholder shall be guaranteed by an authorized officer of a Canadian chartered bank or by a medallion signature guarantee from a member recognized under the Signature Medallion Guarantee Program or in accordance with industry standards.

(3) If, at the time of exercise of the Warrants, there remain restrictions on resale of the Common Shares or remaining Warrants under applicable Securities Laws, the certificates evidencing the Common Shares and remaining Warrants, if any, shall be endorsed with respect to such restrictions.

4.2 **Effect of Exercise of Warrants**

(1) Upon exercise of the Warrants and compliance by the holder with section 4.1, subject to section 4.3 the Common Shares subscribed for shall be deemed to have been issued and the person to whom such Common Shares are to be issued shall be deemed to have become the holder of record of such Common Shares on the Exercise Date unless the transfer registers of the Company for the Common Shares shall be closed on that date, in which case the Common Shares subscribed for shall be deemed to be issued and such person shall be deemed to have become the holder of record of the Common Shares on the date on which the transfer registers are reopened and the Common Shares shall be issued on the later date.

(2) Within five Business Days of the due exercise of a Warrant pursuant to section 4.1, the Company shall cause to be mailed to the person or persons in whose name or names the Common Shares so acquired are to be issued as specified in the Exercise Form and the transfer form, if applicable, attached to the Warrant Certificate at such person's or persons' respective address or addresses specified in the Exercise Form or, if specified in the Exercise Form, cause to be delivered to the person or persons at the office where the Warrants were surrendered, certificates for the appropriate number of Common Shares that the Warrantholder is subscribing for pursuant to the Warrants surrendered and, if applicable, shall cause the Trustee to mail a Warrant Certificate representing any Warrants not then exercised.

(3) If, in the opinion of counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities administrator, regulatory agency or governmental authority in Canada or any other step is required under any federal or provincial law of Canada before the Common Shares issuable upon exercise of the Warrants may be issued or delivered to a Warrantholder, the Company covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

(4) The Company or, if required by the Company, the Trustee will give written notice of the issue of the Common Shares issuable upon exercise of the Warrants in such detail as may be required, to each securities regulatory agency or government authority in Canada in each jurisdiction in which there is legislation requiring the giving of any such notice.

4.3 **No Fractional Common Shares**

Under no circumstances shall the Company be obliged to issue any fractional Common Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Common Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to acquire a whole number of Common Shares.

4.4 **Accounting and Recording**

The Trustee shall within three Business Days following the due exercise of a Warrant pursuant to section 4.1 and forthwith after the Time of Expiry, notify the Company in writing of the particulars of the Warrants exercised, if any, which shall include the names and addresses of the persons who became holders of Common Shares on exercise and the Exercise Date.

4.5 **Cancellation of Surrendered Warrant Certificates**

All Warrant Certificates surrendered to the Trustee shall be cancelled by the Trustee and the Trustee shall record the cancellation of such Warrant Certificates on the register of holders maintained by the Trustee. Upon written request therefor of the Company, the Trustee shall furnish the Company with a certificate identifying the Warrant Certificates so cancelled and the number of Warrants evidenced thereby. All Warrants represented by Warrant Certificate which have been duly cancelled shall be without further force or effect whatsoever.

4.6 **Partial Exercise of Warrants**

A Warrantholder may acquire a lesser amount of Common Shares than the number of Common Shares which may be acquired under the Warrants held by such Warrantholder, in which case the Warrantholder shall be entitled at no cost, to receive and the Trustee shall issue, a new Warrant Certificate in respect of the balance of the unexercised Warrants.

4.7 **Expiration of Warrants**

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

4.8 **Prohibition on Exercise by U.S. Persons; Exception**

(1) The Warrants and the Common Shares issuable upon exercise thereof have not been registered under the U.S. Securities 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 U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available. The Trustee shall not issue or register Common Shares or the certificates representing such Common Shares upon the exercise of Warrants unless the holder of the Warrants has executed and delivered to the Trustee an Exercise Form as attached to the Warrant Certificate indicating that:

(a) the holder of the Warrants has delivered to the Company and the Trustee a written opinion of counsel (or other satisfactory evidence) that the Common Shares to be delivered upon exercise of the Warrants have been registered under the U.S. Securities Act and the securities laws of all applicable states of the

United States or are exempt from the registration thereunder and the Company has confirmed in writing to the Trustee that the opinion of counsel or other evidence is satisfactory to the Company; or

(b) at the time of exercise of the Warrant, the Warrantholder is not in the United States, is not a U.S. Person and is not exercising the Warrant on behalf of, or for the account or benefit of a U.S. Person and did not execute or deliver the Exercise Form in the United States.

No certificates representing Common 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 4.8(1)(a) the Company has confirmed in writing to the Trustee that the opinion of counsel or other evidence is satisfactory to the Company. Any certificates representing Common Shares issued pursuant to subsection 4.8(1)(a) shall bear a U.S. legend until such time as the legend is no longer required under applicable requirements of the U.S. Securities Act or the applicable state securities laws.

(2) The Trustee may rely solely on the Exercise Form attached to the Warrant Certificate and any materials received pursuant to this section, if applicable, in determining whether the Warrantholder has complied with all applicable securities legislation in respect of an exercise of Warrants.

ARTICLE 5
ADJUSTMENT OF EXCHANGE BASIS

5.1 Definitions

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

5.2 Adjustment of Number of Common Shares and Exercise Price

The acquisition rights as they relate to Common Shares, attaching to the Warrants in effect at any date, and the Exercise Price in respect thereof, shall be subject to adjustment from time to time as follows:

(1) If and whenever at any time prior to the Time of Expiry, the Company shall:

(a) subdivide, redivide or change outstanding Common Shares into a greater number of shares,

(b) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares, or

(c) issue Common Shares or securities exchangeable for or convertible into Common Shares at no additional cost to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend or other distribution (other than the issue of Common Shares and other securities to holders of Common Shares pursuant to dividends paid in the ordinary course on the Common Shares),

(any of such events in these clauses (a), (b) and (c) being called a "**Common Share Reorganization**"), then effective immediately after the record date at which the holders of Common Shares are determined for the purposes of the Common Share Reorganization, the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date before giving effect to such Common Share Reorganization and the denominator of which shall be the number of Common Shares outstanding after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares at no additional cost are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date). Upon any adjustment to the Exercise Price pursuant to subsection 5.2(1), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares which theretofore may have been purchased under such Warrant by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment.

(2) If and whenever at any time prior to the Time of Expiry, the Company shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 90 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Common Share on such record date, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the amount determined by multiplying the Exercise Price in effect on such record date by a fraction of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing 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) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any Common Shares owned by or held for the account of the Company or any subsidiary of the Company shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

(3) If and whenever at any time prior to the Time of Expiry, the Company shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) securities of any class, whether of the Company or any other person (other than the issue of Common Shares and other securities to holders of Common Shares pursuant to dividends paid in the ordinary course on the Common Shares), (ii) rights, options or warrants (excluding those referred to in subsection 5.2(2)), (iii) evidences of its indebtedness or (iv) assets (excluding dividends paid in the ordinary course) then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price of a Common Share on such record date, less the aggregate fair market value (as determined by the directors, which determination shall be conclusive) of such

securities shares, rights, options, warrants, evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price; any Common Shares owned by or held for the account of the Company or any subsidiary of the Company shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually is distributed, as the case may be; in this subsection 5.2(3) the term "dividends paid in the ordinary course" shall include the value of any securities or other property or assets distributed in lieu of cash dividends paid in the ordinary course at the option of shareholders.

(4) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Company (other than as described in subsection 5.2(1)) or a consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity or a liquidation, dissolution or winding up of the Company (any of such events being hereinafter called a "Capital Reorganization"), any Warrantholder who has not exercised its right of acquisition prior to the effective date of such Capital Reorganization, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, the number of shares or other securities or property of the Company or of the body corporate, trust, partnership or other entity resulting from such Capital Reorganization, or to which such sale or conveyance may be made, as the case may be, that such Warrantholder would have been entitled to receive on such Capital Reorganization, if, on the record date or the effective date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon exercise of the Warrants. If determined appropriate by the Trustee to give effect to or to evidence the provisions of this subsection 5.2(4), the Company, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such Capital Reorganization, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this indenture with respect to the rights and interests thereafter of the Warrantholders to the end that the provisions set forth in this indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Warrantholder is entitled on exercise of its acquisition rights thereafter. Any indenture entered into between the Company, any successor to the Company or such purchasing body corporate, partnership, trust or other entity and the Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this section 5.2 and which shall apply to successive Capital Reorganizations.

5.3 Adjustment Rules

The following rules and procedures shall be applicable to adjustments made pursuant to section 5.2:

(1) In any case in which subsections 5.2(1), 5.2(2) or 5.2(3) require that an adjustment be made to the Exercise Price, no such adjustment shall be made if, subject to the prior approval of the TSX-V (or other stock exchange or over-the-counter market on which the Common Shares or Warrants are listed or quoted), the holders of the outstanding

Warrants receive the Common Shares or securities exchangeable for or convertible into Common Shares referred to in subsection 5.2(1), the rights, options or warrants referred to in subsection 5.2(2) or the securities, rights, options, warrants, evidences of indebtedness or assets referred to in subsection 5.2(3), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Warrants having then been exercised into Common Shares at the Exercise Price in effect on the applicable record or effective date, as the case may be.

(2) The adjustments provided for in section 5.2 are cumulative and shall, in the case of adjustments to the Exercise Price or the Exchange Basis, be computed to the nearest whole cent and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of section 5.2, provided that, notwithstanding any other provision of section 5.2, no adjustment of the Exercise Price or the Exchange Basis shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price or the Exchange Basis then in effect; provided, however, that any adjustments which by reason of this subsection 5.3(2) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(3) After any adjustment pursuant to section 5.2, the term "Common Shares" where used in this indenture shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to section 5.2, the Warrantholder is entitled to receive upon the exercise of his Warrant and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to section 5.2, upon the full exercise of a Warrant.

(4) No adjustment in the Exercise Price or the Exchange Basis shall be made pursuant to section 5.2 in respect of the issue of Common Shares pursuant to:

(a) this indenture;

(b) the exercise of options granted pursuant to the Company's stock option plans or pursuant to the exercise of rights under currently outstanding warrants to acquire Common Shares; or

(c) any stock dividend paid in the ordinary course,

and any such issue shall be deemed not to be a Common Share Reorganization or a Capital Reorganization.

(5) If a dispute shall at any time arise with respect to adjustments of the Exercise Price or the Exchange Basis, the dispute shall be conclusively determined by the Company's Auditors or, if they are unable or unwilling to act, by such firm of independent chartered accountants as may be selected by the directors and any such determination shall, absent manifest error, be binding upon the Company, the Trustee, the registrar and transfer agent and all Warrantholders.

(6) If and whenever at any time prior to the Time of Expiry, the Company shall take any action affecting or relating to the Common Shares, other than any action described in this section, which in the opinion of the directors of the Company would prejudicially affect the rights of Warrantholders, the Exercise Price and the Exchange Basis will be adjusted by the directors of the Company in such manner, if any, and at such time, as the directors

of the Company, may in their sole discretion, subject to the approval of any stock exchange on which the Common Shares are listed and posted for trading, reasonably determine to be equitable in the circumstances to such holders.

(7) As a condition precedent to the taking of any action which would require an adjustment in any of the rights under the Warrants, the Company will take any action which, in the opinion of counsel to the Company, may be necessary in order that the Company, or any successor to the Company or successor to the undertaking or assets of the Company will be obligated to and may validly and legally issue all the Common Shares and Warrants which the Warrantholders would be entitled to receive thereafter and to exercise such Warrants in accordance with the provisions hereof.

5.4 **Postponement of Exercise**

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

5.5 **Notice of Adjustment**

(1) At least 14 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to section 5.2, the Company shall:

(a) file with the Trustee a certificate of the Company specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment; and

(b) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(2) In case any adjustment for which a notice in subsection 5.5(1) has been given is not then determinable, the Company shall promptly after such adjustment is determinable:

(a) file with the Trustee a computation of such adjustment; and

(b) give notice to the Warrantholders of the adjustment.

(3) The Trustee may act and rely upon certificates and other documents filed by the Company pursuant to this section for all purposes of the adjustment.

5.6 **No Action after Notice**

The Company covenants with the Trustee that it will not take any other corporate action which might deprive a Warrantholder of the opportunity of exercising the rights of acquisition pursuant thereto during the period of 14 days after the giving of the notice set forth in subparagraph (1)(b) of section 5.5 hereof.

5.7 **Protection of Trustee**

The Trustee:

(a) shall not at any time be under any duty or responsibility to any Warrantholder to determine whether any facts exist which may require any adjustment when made, or with respect to the method employed in making the same;

(b) shall not be accountable with respect to the validity or value (or kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the exercise of the Warrants;

(c) shall not be responsible for any failure of the Company to make any cash payment or to issue, transfer or deliver Common Shares or certificates for the same 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 Article 5;

(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 or deeds of the agents or servants of the Company; and

(e) shall be entitled to act and rely on any adjustment calculation of the directors or the Company's Auditors.

ARTICLE 6
RIGHTS AND COVENANTS

6.1 **General Covenants of the Company**

The Company covenants with the Trustee for the benefit of the Trustee and the Warrantholders that so long as any Warrants remain outstanding and may be exchanged for Common Shares:

(1) The Company will at all times maintain its existence and will carry on and conduct its business in a prudent manner in accordance with industry standards and good business practice, will keep or cause to be kept proper books of account in accordance with applicable law and will, if and whenever required in writing by the Trustee, file with the Trustee copies of all annual statements of the Company furnished to its shareholders during the term of this indenture.

(2) The Company will use its commercially reasonable best efforts to obtain TSX-V consent and approval for the listing of the Warrants (subject to adequate distribution of the Warrants pursuant to the policies of the TSX-V), to maintain the listing of the Common Shares and Warrants on the TSX-V and to have the Warrant Shares issued pursuant to the exercise of the Warrants listed and posted for trading on the TSX-V as expeditiously as possible.

(3) The Company will reserve and keep available a sufficient number of Common Shares for issuance upon the exercise of Warrants issued by the Company.

(4) The Company will cause the Common Shares from time to time subscribed for pursuant to the Warrants issued by the Company hereunder, in the manner herein provided, to be duly issued in accordance with the Warrants and the terms hereof.

(5) The Company will cause the certificates representing the Common Shares from time to time to be acquired pursuant to the exercise of the Warrants in the manner herein provided, to be duly issued and delivered in accordance with the Warrants and the terms hereof.

(6) All Common Shares that shall be issued by the Company upon exercise of the rights provided for herein shall be issued as fully paid and non-assessable Common Shares.

(7) Generally, the Company will well and truly perform and carry out all the acts and things to be done by it as provided in this indenture.

(8) The Company will promptly advise the Trustee and the Warrantholders in writing of any default under the terms of this indenture.

6.2 Trustee's Remuneration and Expenses

The Company covenants that it will pay to the Trustee from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses and disbursements of the Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Trustee 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 negligence, wilful misconduct or bad faith of the Trustee.

6.3 Performance of Covenants by the Trustee

If the Company shall fail to perform any of its covenants contained in this indenture and the Company has not rectified such failure within 15 Business Days after receiving written notice from the Trustee of such failure, the Trustee may notify the Warrantholders of the failure on the part of the Company or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Warrantholders. All reasonable sums expended or advanced by the Trustee in so doing shall be repayable as provided in section 6.2. No such performance, expenditure or advance by the Trustee shall be deemed to relieve the Company of any default hereunder or of its continuing obligations under the covenants herein contained.

ARTICLE 7
ENFORCEMENT

7.1 Suits by Warrantholders

(a) No Warrantholder has the right to institute any action or proceeding or to exercise any other remedy authorized hereunder for the purpose of enforcing any right on behalf of the Warrantholders or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or receiver and manager 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, unless the Trustee has received a Warrantholders' Request directing it to take the requested action and has been provided with sufficient funds or other security and/or such indemnity satisfactory to the Trustee and its counsel in respect of the costs, expenses and liabilities that may be incurred by it in so proceeding and the Trustee has failed to act within a reasonable time thereafter. If the Trustee has so failed to act, but not otherwise, any Warrantholder acting on behalf of all Warrantholders will be entitled to take any of the proceedings that the Trustee might have taken hereunder. No Warrantholder has any right in any manner whatsoever to effect, disturb or prejudice the rights hereby created by its action or to enforce any right hereunder or under any Warrant, except subject to the conditions and in the manner herein provided. Any money received as a result of a proceeding taken by any Warrantholder hereunder must be forthwith paid to the Trustee.

(b) All rights of action under this indenture may be enforced by the Trustee without the possession of any of the Warrants or the production thereof on any trial or other proceedings relative thereto.

(c) The Trustee shall be entitled and empowered, either in its own name or as Trustee of an express trust, or as attorney-in-fact for the Warrantholders, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claim of the Trustee and the Warrantholders allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Company or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective Warrantholders by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective Warrantholders or on behalf of the Warrantholders as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the Warrantholders themselves if and to the extent permitted hereunder, for any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of the Warrantholders, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the Trustee and of the Warrantholders against the Company or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that nothing contained in this indenture shall be deemed to give the Trustee, unless so authorized by extraordinary resolution (as provided in section 8.11), any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Warrantholder.

(d) The Trustee shall also have the power, but not the obligation, at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

(e) Any such suit or proceeding instituted by the Trustee may be brought in the name of the Trustee as Trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the Warrantholders subject to provisions of this indenture. In any proceeding brought by the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this indenture, to which the Trustee shall be a party), the Trustee shall be held to represent all the Warrantholders, and it shall not be necessary to make any Warrantholders parties to any such proceeding.

7.2 **Suits by the Company**

The Company shall have the right to enforce full payment of the Exercise Price for all Common Shares issued by the Company to a Warrantholder hereunder and shall be entitled to demand such payment from the Warrantholder or alternatively to instruct the Trustee to cancel the share certificates and amend the securities register accordingly.

7.3 **Limitation of Liability**

Subject to applicable law, the Trustee and, by acceptance of the Warrant Certificates and as part of the consideration for the issue of the Warrants, the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any person in its capacity as an incorporator or any past, present or future shareholder, director, officer, employee or agent of the Company for the creation and issue of the Warrants pursuant to any warrant or any covenant, indenture, representation or warranty by the Company herein or contained in the Warrant Certificates.

The obligations of the Company hereunder are not binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Company or any successor to the Company or any of the past, present or future officers, employees or agents of the Company or any successor to the Company, but only the property of the Company or any successor to the Company shall be bound in respect hereof.

For greater certainty, nothing in this Section 7.3 shall limit the liability of the Company under this indenture to any person.

7.4 **Waiver of Default**

Upon the happening of any default hereunder:

(a) the holders of not less than 51% of the Warrants then outstanding shall have power (in addition to the powers exercisable by extraordinary resolution as provided in section 8.11) by requisition in writing to instruct the Trustee to waive any default hereunder and the Trustee shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(b) the Trustee shall have power to waive any default hereunder upon such terms and conditions as the Trustee may deem advisable, if, in the Trustee's opinion, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Trustee or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Trustee or of the Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 8
MEETINGS OF WARRANTHOLDERS

8.1 **Right to Convene Meetings**

The Trustee may at any time and from time to time and shall on receipt of a written request of the Company or of a Warrantholders' Request and upon being funded and indemnified to its reasonable satisfaction by the Company or by the Warrantholders signing the Warrantholders' Request against the cost that may be incurred in connection with the calling and holding of the meeting, convene a meeting of the Warrantholders. In the event of the Trustee failing within 15 days after receipt of the written request of the Company or Warrantholders' Request and funding and indemnity given as aforesaid to give notice convening a meeting, the Company or the Warrantholders, as the case may be, may call and convene the meeting. Every meeting shall be held in the City of Vancouver, British Columbia or at such other place as may be approved or determined by the Trustee.

8.2 **Notice**

At least 21 days' notice of any meeting shall be given to the Warrantholders in the manner provided by section 11.2 and a copy of the notice shall be sent by mail to the Trustee unless the meeting has been called by it and to the Company unless the meeting has been called by it. Each notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for the notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 8. The notice convening any such meeting shall be signed by an appropriate officer of the Trustee or the Company or by a representative of the Warrantholders, as the case may be.

8.3 **Chairman**

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

8.4 **Quorum**

Subject to the provisions of section 8.12, at any meeting of the Warrantholders a quorum shall consist of Warrantholders present in person or by proxy and entitled to acquire at least 20% of the aggregate number of Common Shares that could be acquired pursuant to all the then outstanding Warrants. If a quorum of the Warrantholders shall not be present within one-half hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrantholders or on a Warrantholders' Request, shall be dissolved; but, subject to section 8.12, in any other case the meeting shall stand adjourned to such day being not less than ten days later and to such place and time as may be designated by the chairman of the meeting and at least five days' notice shall be given of such adjourned meeting. At the adjourned meeting, the Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not be entitled to acquire at least 20% of the aggregate number of Common Shares that could be acquired pursuant to all the then outstanding Warrants.

8.5 **Power to Adjourn**

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

8.6 **Show of Hands**

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

8.7 **Poll**

On every extraordinary resolution and on any other question submitted to a meeting upon which a poll is directed by the chairman or requested by one or more of the Warrantholders, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by an extraordinary resolution shall be decided by a majority of the votes cast on a poll.

8.8 **Voting**

On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders or both, shall have one vote. On a poll, each Warrantholder present in person or represented by proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Warrant then held by him. A proxy need not be a Warrantholder.

8.9 **Regulations**

The Trustee, or the Company with the approval of the Trustee, from time to time, may make or vary such regulations as they shall think fit:

(a) for the issue of voting certificates by any bank, trust company or other depository satisfactory to the Trustee stating that the Warrants specified therein have been deposited with the depository by a named person and will remain on deposit until after the meeting, which voting certificates shall entitle the persons named therein to be present and vote at the meeting and at any adjournment thereof or to appoint a proxy or proxies to represent them and vote for them at that meeting and at any adjournment thereof in the same manner and with the same effect as though the persons so named in the voting certificates were the actual holders of the Warrants specified therein;

(b) for the deposit of voting certificates and/or instruments appointing proxies at such place and time as the Trustee, the Company or the Warrantholders convening the meeting, as the case may be, may in the notice convening the meeting direct;

(c) for the deposit of voting certificates and/or instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of the voting certificates and/or instruments appointing proxies to be sent by mail, telecopier, cable, telex or other means of prepaid, transmitted, recorded communication before the meeting to the Company or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;

(d) for the form of instrument appointing a proxy and the manner in which the form of proxy may be executed; and

(e) generally for the calling of meetings of Warrantholders and the conduct of business thereat including setting a record date for Warrantholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as the regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Warrants, or as entitled to vote or, subject to section 8.10, be present at the meeting in respect thereof, shall be persons who are the registered holders of Warrants or their duly appointed proxies.

8.10 **Company and Trustee may be Represented**

The Company and the Trustee by their respective officers, employees, or directors, as applicable, and the counsel to the Company and the Trustee may attend any meeting of the Warrantholders, but shall have no votes as such.

8.11 **Powers Exercisable by Extraordinary Resolution**

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

(a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Warrantholders and/or the Trustee in its capacity as Trustee hereunder (subject to the Trustee's approval) or on behalf of the Warrantholders against the Company, whether those rights arise under this indenture or the Warrants or otherwise;

(b) to amend, alter or repeal any extraordinary resolution previously passed;

(c) to direct or authorize the Trustee (subject to the Trustee receiving funding and indemnity satisfactory to the Trustee) to enforce any of the covenants on the part of the Company contained in this indenture or the Warrants or to enforce any of the rights of the Warrantholders in any manner specified in the extraordinary resolution or to refrain from enforcing any such covenant or right;

(d) to waive, authorize and direct the Trustee to waive any default on the part of the Company in complying with any provisions of this indenture or the Warrants, either unconditionally or upon any conditions specified in the extraordinary resolution;

(e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Company for the enforcement of any of the covenants on the part of the Company contained in this indenture or the Warrants or to enforce any of the rights of the Warrantholders;

(f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by the Warrantholder in connection therewith;

(g) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with the holders of any shares or securities of the Company, wherever such assent may be required;

(h) from time to time and at any time to remove the Trustee and appoint a successor Trustee;

(i) to assent to any change in or omission from the provisions contained in the Warrant Certificates and this indenture or any ancillary or supplemental instrument which may be agreed to by the Company, and to authorize the Trustee to concur in and execute any ancillary or supplemental indenture embodying the change or omission; and

(j) to assent to any compromise or arrangement with any creditor(s) or any class(es) of creditors, whether secured or otherwise, and with holders of shares or other securities of the Company.

8.12 **Meaning of "Extraordinary Resolution"**

(1) The expression "**extraordinary resolution**" when used in this indenture means, subject as hereinafter in this section and in sections 8.15 and 8.16 provided, a resolution proposed at a meeting of the Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 8 at which there are present in person or by proxy Warrantholders entitled to acquire at least 10% of the aggregate number of Common Shares that can be acquired pursuant to all the then outstanding Warrants and passed by the affirmative votes of Warrantholders entitled to acquire not less than $66^{2/3}$% of the aggregate number of Common Shares that can be acquired pursuant to all the Warrants represented at the meeting and voted on the poll upon the resolution.

(2) If, at any meeting called for the purpose of passing an extraordinary resolution, Warrantholders entitled to acquire 10% of the aggregate number of Common Shares that can be acquired pursuant to all the then outstanding Warrants are not present in person or by proxy within half an hour after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being no less than 15 or more than 50 days later and to such place and time as may be appointed by the chairman. Not less than 10 days' notice shall be given of the time and place of the adjourned meeting in the manner provided in sections 11.1, 11.2 and 11.3. The notice shall state that at the adjourned meeting the Warrantholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened or any other particulars and a resolution proposed at the adjourned meeting and passed by the requisite vote as provided in subsection 8.12(1) shall be an extraordinary resolution within the meaning of this indenture notwithstanding that Warrantholders entitled to acquire 10% of the aggregate number of Common Shares that can be acquired pursuant to all the then outstanding Warrants are not present in person or by proxy at the adjourned meeting.

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

8.13 **Powers Cumulative**

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

8.14 **Minutes**

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

8.15 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Warrantholders at a meeting held as hereinbefore in this Article 8 provided may also be taken and exercised by Warrantholders entitled to acquire $66^{2/3}$% of the aggregate number of Common Shares that can be acquired pursuant to all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by Warrantholders in person or by attorney duly appointed in writing and the expression "extraordinary resolution" when used in this indenture shall include an instrument so signed.

8.16 Binding Effect of Resolutions

Subject to subsection 8.11(a), every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 8 at a meeting of Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from the meeting, and every instrument in writing signed by Warrantholders in accordance with section 8.15 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Trustee (subject to the provisions for its funding and indemnity herein contained) shall be bound to give effect accordingly to every resolution and instrument in writing passed or executed in accordance with these provisions.

8.17 Holdings by Company Disregarded

In determining whether the requisite number of Warrantholders are present at a meeting of Warrantholders for the purpose of obtaining a quorum or have voted or consented to any resolution, extraordinary resolution, consent, waiver, Warrantholders' Request or other action under this indenture, Warrants owned by the Company, its subsidiaries and any partnership of which the Company is directly or indirectly a party to shall be deemed to be not outstanding. The Company shall provide, upon the written request of the Trustee, a certificate as to the registration particulars of any Warrants held by the Company.

ARTICLE 9
SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

9.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company (if properly authorized by its directors) and the Trustee may, subject to the provisions of this indenture, and they shall, when so directed hereby, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) providing for the issuance of additional Warrants hereunder and any consequential amendments hereto as may be required by the Trustee, relying on the advice of counsel, as are necessary or desirable in the premises, provided that the same are not in the opinion of the Trustee relying on the advice of counsel, prejudicial to the interests of the Warrantholders;

(b) setting forth adjustments in the application of Article 5, provided that, in the opinion of the Trustee, relying on the advice of counsel, the rights of the Trustee and the Warrantholders as a group are in no way prejudiced thereby;

(c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel, are necessary or advisable, provided that the same are not in the opinion of the Trustee, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(d) giving effect to any extraordinary resolution passed as provided in Article 8;

(e) making such provisions not inconsistent with this indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Trustee, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(f) adding to or amending the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants and making any modification in the form of the Warrant Certificates which does not affect the substance thereof;

(g) amending any of the provisions of this indenture or relieving the Company from any of the obligations, conditions or restrictions herein contained, provided that no such amendment or relief shall be or become operative or effective if, in the opinion of the Trustee, relying on the advice of counsel, such amendment or relief impairs any of the rights of the Warrantholders, as a group or of the Trustee, and provided further that the Trustee may in its sole discretion decline to enter into any supplemental indenture which in its opinion may not afford adequate protection to the Trustee when the same shall become operative; and

(h) for any other purpose not inconsistent with the terms of this indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors or omissions herein, provided that, in the opinion of the Trustee, relying on the advice of counsel, the rights of the Trustee and the Warrantholders as a group are in no way prejudiced thereby.

9.2 **Successor Companies**

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

ARTICLE 10
CONCERNING THE TRUSTEE

10.1 **Trust Indenture Legislation**

(1) If and to the extent that any provision of this indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Company and the Trustee agree that each will at all times in relation to this indenture and any action to be taken hereunder observe and comply with and be entitled to the benefit of Applicable Legislation.

10.2 **Rights and Duties of Trustee**

(1) In the exercise of the rights and duties prescribed or conferred by the terms of this indenture, the Trustee shall act honestly and in good faith and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in performing

the duties of an escrow agent or Trustee in comparable circumstances. No provision of this indenture shall be construed to relieve the Trustee from, or require any other person to indemnify the Trustee against liability for its own gross negligence, wilful misconduct or bad faith.

(2) The Trustee shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Company under this indenture unless and until it shall have received a Warrantholder's Request specifying the act, action or proceeding which the Trustee is requested to take. The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Trustee or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Trustee, sufficient funds to commence or continue the act, action or proceeding and an indemnity reasonably satisfactory to the Trustee and its counsel to protect and hold harmless the Trustee, its directors, officers, employees and agents against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(3) The Trustee may, before commencing any act, action or proceeding or at any time during the continuance thereof, require the Warrantholders at whose instance it is acting to deposit with the Trustee the Warrant Certificates held by them, for which Warrant Certificates the Trustee shall issue receipts.

(4) Every provision of this indenture that, by its terms, relieves the Trustee of liability or entitles it to rely upon any evidence submitted by it, is subject to the provisions of this section 10.2 and section 10.3.

(5) The Trustee shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Trustee be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Trustee and in the absence of such notice the Trustee may for all purposes of this indenture conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, indentures or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Trustee to determine whether or not the Trustee shall take action with respect to any default.

(6) In this indenture, whenever confirmations or instructions are required to be given to the Trustee, in order to be valid, such confirmations and instructions shall be in writing.

(7) The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Trustee or the holders hereunder shall be conditional upon the holders furnishing, when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee and its counsel to protect and hold harmless the Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this indenture shall require the Trustee to risk or expend its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless funded and indemnified as aforesaid.

10.3 **Evidence, Experts and Advisers**

(1) In addition to the reports, certificates, opinions and other evidence required by this indenture, the Company shall furnish to the Trustee such additional evidence of compliance with any provision hereof and in such form as the Trustee may reasonably require by written notice to the Company.

(2) In the exercise of its rights and duties hereunder, the Trustee may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Company, certificates of the Company or other evidence furnished to the Trustee pursuant to any provision hereof or pursuant to a request of the Trustee. The Trustee shall be under no responsibility in respect of the validity of this indenture or the execution and delivery hereof by or on behalf of the Company or in respect of the validity or the execution of any Warrant Certificate by the Company and issued hereunder, nor shall it be responsible for any breach by the Company of any covenant or condition contained in this indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this indenture and/or in any Warrant Certificate or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable.

(3) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Trustee may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(4) The Trustee may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cablegram or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties.

(5) The Trustee may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel and shall not be responsible for any misconduct on the part of any of them who has been selected with due care by the Trustee. Any reasonable remuneration paid by the Trustee shall be paid by the Company in accordance with section 6.2.

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

10.4 **Securities, Documents and Monies Held by Trustee**

The Trustee may retain any cash balance held in connection with this Warrant Indenture and may, but need not, hold the same in its deposit department or the deposit department of one of its Affiliates; but the Trustee and its Affiliates shall not be liable to account for any profit to the Company or any other person or entity other than at a rate, if any, established from time to time by the Trustee or its Affiliates.

For the purpose of this Section, "**Affiliate**" means affiliated companies within the meaning of the *Business Corporations Act* (British Columbia).

10.5 **Action by Trustee to Protect Interests**

Subject to the provisions of this indenture and Applicable Legislation, the Trustee shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders.

10.6 **Trustee not Required to Give Security**

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this indenture or otherwise, subject to section 10.9.

10.7 **Protection of Trustee**

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

(1) The Trustee shall not be liable for or by reason of any representations, statements of fact or recitals in this indenture or in the Warrants (except the representations contained in sections 10.10 and 10.12 or in the certificate of the Trustee on the Warrants) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to be made by the Company (except the representations contained in sections 10.10 and 10.12 or in the certificate of the Trustee on the Warrants).

(2) Nothing herein contained shall impose any obligation on the Trustee to see to or to require evidence of the registration or filing (or renewal thereof) of this indenture or any instrument ancillary or supplemental hereto.

(3) The Trustee shall not be bound to give notice to any person or persons of the execution hereof.

(4) The Trustee shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants or warranties herein contained or of any acts of any directors, officers, employees, Agent or servants of the Company.

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

10.8 **Replacement of Trustee**

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

(2) Upon the appointment of a successor Trustee, the Company shall promptly notify the Warrantholders thereof in the manner provided for in section 11.2.

(3) Any corporation into or with which the Trustee may be merged or consolidated or amalgamated, or any corporation succeeding to the stock transfer business of the Trustee, shall be the successor to the Trustee hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new Trustee under subsection 10.8(1).

(4) Any Warrants certified but not delivered by a predecessor Trustee may be certified by the new or successor Trustee in the name of the predecessor or the new or successor Trustee.

10.9 **Conflict of Interest**

(1) The Trustee represents to the Company that at the time of the execution and delivery hereof no material conflict of interest exists which it is aware of in the Trustee's role as a fiduciary hereunder and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within 90 days after ascertaining that it has a material conflict of interest, either eliminate the same or resign as the Trustee hereunder.

(2) Subject to subsection 10.9(1), the Trustee, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company, may act as registrar and transfer agent for the Common Shares and generally may contract and enter into financial transactions with the Company, all without being liable to account for any profit made thereby.

10.10 **Acceptance of Trusts**

The Trustee hereby accepts the trusts in this indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

10.11 **Trustee Not to be Appointed Receiver**

The Trustee and any person related to the Trustee shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Company or any Subsidiary or any partnership of which the Company is directly or indirectly involved.

10.12 **Authorization to Carry on Business**

The Trustee represents to the Company that it is registered to carry on the business of a trust company in the province of British Columbia.

ARTICLE 11
GENERAL

11.1 **Notice to the Company and the Trustee**

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Company or the Trustee shall be deemed to be validly given if delivered or if sent by registered mail, postage prepaid or if transmitted by telecopier:

(a) If to the Company, to:

Lara Exploration Ltd.
Suite 300 – 570 Granville Street
Vancouver, British Columbia, V6C 3P1
Attention: ●
Fax: (604) 681-4692

with a copy to:

DuMoulin Black
10th Floor – 595 Howe Street
Vancouver, British Columbia
V6C 2T5

Attention: Corey M. Dean
Fax: (604) 687-8772

(b) If to the Trustee, to:

Computershare Trust Company of Canada
510 Burrard Street 2nd Floor
Vancouver, British Columbia,
V6C 3B9
Attention: ●
Fax: (604) 661-9400

and any notice given in accordance with the foregoing shall be deemed to have been received on the date of delivery if that day is a Business Day or, if mailed, on the fifth

Business Day following the date of the postmark on such notice or, if transmitted by telecopier, on the day following the transmission.

(2) The Company or the Trustee, as the case may be, may from time to time notify the other in the manner provided in subsection 11.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Company or the Trustee, as the case may be, for all purposes of this indenture. A copy of any notice of change of address given pursuant to this subsection 11.1(2) shall be available for inspection at the offices of the Trustee in Vancouver, British Columbia and Toronto, Ontario by Warrantholders during normal business hours.

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Trustee or to the Company hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in subsection 11.1(1) by cable, telegram, telex, telecopier or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to the officer or if delivered by cable, telegram, telex, telecopier or other means of prepaid, transmitted, recorded communication on the third Business Day following the date of the sending of the notice by the person giving the notice.

11.2 **Notice to the Warrantholders**

(1) 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 Trustee 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 next Business Day if delivered by mail.

(2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the 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 Vancouver, British Columbia and Toronto, Ontario; provided that in the case of a notice convening a meeting of the holders of Warrants, the Trustee 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.

11.3 **Discretion of Directors**

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

11.4 Satisfaction and Discharge of Indenture

Upon the date by which there shall have been delivered to the Trustee for exercise or destruction in accordance with the provisions hereof of all Warrants theretofore certified hereunder, this indenture, except to the extent that Common Shares and certificates therefor have not been issued and delivered hereunder or the Company has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Company, and the Trustee, on written demand of and at the cost and expense of the Company, and upon delivery to the Trustee of a certificate of the Company stating that all conditions precedent to the satisfaction and discharge of this indenture have been complied with and upon payment to the Trustee of the expenses, fees and other remuneration payable to the Trustee, shall execute proper instruments acknowledging satisfaction of and discharging this indenture; provided that if the Trustee has not then performed any of its obligations hereunder any such satisfaction and discharge of the Company's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Company against the Trustee.

11.5 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this indenture or the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

11.6 Third Party Interests

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

11.7 Not Bound to Act

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

11.8 Privacy Provision

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals’ personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Company shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Agreement and not to use it for any other purpose except with the consent of or direction from the Company or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

11.9 **Counterparts and Formal Date**

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

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

LARA EXPLORATION LTD.

By: ________________________________
Authorized Signing Officer

COMPUTERSHARE TRUST COMPANY OF CANADA

By: ________________________________
Authorized Signing Officer

By: ________________________________
Authorized Signing Officer

SCHEDULE "A" TO INDENTURE

FORM OF WARRANT CERTIFICATE

THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES, OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

THE WARRANTS REPRESENTED BY THIS CERTIFICATE WILL BE VOID AND OF NO VALUE UNLESS EXERCISED ON OR BEFORE 4:00 P.M. (VANCOUVER TIME) ON ●, 2006.

WARRANT CERTIFICATE

Warrant Certificate Number **-«cert»**

«warrants»WARRANTS ("**Warrants**") each entitling the holder to acquire, subject to adjustment, one common share of Lara Exploration Ltd.

LARA EXPLORATION LTD.

Organized under the Laws of British Columbia

THIS IS TO CERTIFY THAT, for value received, «Name» «Address» «City» «Province» «Postal» (hereinafter referred to as the "**holder**") is the registered holder of the number of Warrants to purchase common shares ("**Common Shares**") in the capital of Lara Exploration Ltd. (the "**Company**") as set forth in this Warrant certificate ("**Warrant Certificate**"). Each Warrant represented hereby entitles the holder thereof to acquire one fully paid and non-assessable common share in the capital of the Company (a "**Warrant Share**"), as such shares were constituted on ●, 2005, in the manner and subject to the restrictions and adjustments set forth herein, at any time prior to 4:00 p.m. (Vancouver time) on ●, 2006 at the price of $0.50 per Common Share, subject to adjustment in accordance with the provisions of the Indenture (as defined below).

The Warrants represented by this Warrant Certificate are issued under and pursuant to a Warrant indenture (which indenture, together with all other instruments supplemental or ancillary thereto, is herein referred to as the "**Indenture**") made as of ●, 2005 between the Company and the Trustee. Reference is made to the Indenture for a full description of the rights of the holders of the Warrants and the terms and conditions upon which the Warrants are, or are to be issued and held, with the same effect as if the provisions of the Indenture and all instruments supplemental thereto were set forth herein. By acceptance hereof, the holder assents to all provisions of the Indenture. In the event of a conflict between the terms and conditions of the Warrant Certificate and the Indenture, the provisions of the Indenture shall govern. Capitalized terms used in the Indenture have the same meaning herein as therein unless otherwise defined.

The right to acquire Warrant Shares hereunder may only be exercised by the holder within the time set forth above by surrendering this Warrant Certificate to Computershare Trust Company of Canada (the "**Trustee**") at the offices of the Trustee in Vancouver, British Columbia or Toronto, Ontario specified in the Exercise Form attached to this Warrant Certificate, together with:

a) a duly completed and executed Exercise Form attached to this Warrant Certificate;

b) a certified cheque, bank draft or money order in lawful money of Canada payable to the order of the Company for the aggregate purchase price of the Warrant Shares so subscribed for; and

c) any opinion or other document required by the Exercise Form.

This Warrant Certificate will be deemed to be surrendered only upon personal delivery of all of the foregoing or, if sent by mail or other means of transmission, upon actual receipt thereof by the Trustee at one of the offices referred to above.

Upon surrender of these Warrants, the person or persons in whose name or names the Warrant Shares issuable upon exercise of the Warrants are to be issued shall be deemed for all purposes (except as provided in the Indenture hereinafter referred to) to be the holder or holders of record of such Warrant Shares, and the Company has covenanted that it will (subject to the provisions of the Indenture) cause a certificate or certificates representing such Warrant Shares to be delivered or mailed to the person or persons at the address or addresses specified in the Exercise Form within five Business Days.

The registered holder of this Warrant Certificate may acquire any lesser number of Warrant Shares than the number of Warrant Shares which may be acquired for the Warrants represented by this Warrant Certificate. In such event, the holder shall be entitled to receive a new certificate for the balance of the Warrant Shares which may be acquired. No fractional Warrant Shares will be issued.

The Indenture contains provisions for the adjustment to the right of subscription, including the exercise price payable for Common Shares issuable upon the exercise of the Warrants and the amount of class and kind of securities or other property that are issuable upon the exercise of the Warrants upon the happening of certain events as set forth in the Indenture, in the manner set forth therein.

On presentation at the transfer offices of the Trustee in Vancouver, British Columbia or Toronto, Ontario, subject to the provisions of the Indenture and on compliance with the reasonable requirements of the Trustee, one or more Warrant Certificates may be exchanged for one or more Warrant Certificates entitling the holder thereof to purchase in the aggregate an equal number of Common Shares as are purchasable under the Warrant Certificate(s) so exchanged.

The Warrants and the Common Shares issuable upon exercise thereof have not been registered under the U.S. Securities Act or the securities laws of any state of the United States, and the Warrants may not be exercised by, or for the account or benefit of, a U.S. Person or person in the United States unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or pursuant to an exemption from such registration requirements.

The holding of the Warrants evidenced by this Warrant Certificate shall not constitute the holder hereof a shareholder of the Company or entitle the holder to any right or interest in respect thereof except as expressly provided in the Indenture or in this Warrant Certificate.

Warrants may only be transferred in compliance with the conditions of the Indenture on the register to be kept by and at the principal office of the Trustee in the City of Vancouver, British Columbia, and by the Trustee or such other registrar as the Company, with the approval of the Trustee, may appoint at such other place or places, if any, as may be designated, upon surrender of this Warrant Certificate to the Trustee or other registrar accompanied by a written instrument of transfer in form and execution satisfactory to the Trustee or other registrar and upon compliance with the conditions prescribed in the Indenture and with such reasonable requirements as the Trustee or other registrar may prescribe and upon the transfer being duly noted thereon by the Trustee or other registrar.

The Indenture also contains provisions making binding on all Warrantholders outstanding thereunder resolutions passed at meetings of Warrantholders held in accordance with the provisions of the Indenture and instruments in writing signed by Warrantholders entitled to purchase a specific majority of the Common Shares that can be purchased pursuant to such Warrants. In the event of any discrepancy between anything contained in this Warrant Certificate and the terms and conditions of the Indenture, the terms and conditions of the Indenture shall govern.

This Warrant Certificate shall not be valid for any purpose whatsoever unless and until it has been certified by or on behalf of the Trustee.

Time shall be of the essence hereof. This Warrant Certificate shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws applicable therein and shall be treated in all respects as a British Columbia contract.

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officers as of ●, 2005.

LARA EXPLORATION LTD.

By: ______________________________
Authorized Signatory

Certified on ●, 2005 by
COMPUTERSHARE TRUST COMPANY OF CANADA

Per: ______________________________
Authorized Signatory

EXERCISE FORM FOR WARRANTS

TO: LARA EXPLORATION LTD.

AND: Computershare Trust Company of Canada
510 Burrard Street 2nd Floor
Vancouver, British Columbia, V6C 3B9
Attention: Stock Transfer Dept.

1. The undersigned hereby irrevocably subscribes for and exercises the right to acquire Common Shares of Lara Exploration Ltd. (or such number of other securities or property to which such Warrants entitle the undersigned in lieu thereof or in addition thereto under the provisions of the Indenture referred to in the accompanying Warrant Certificate in accordance with and subject to the provisions of such Indenture) and encloses a bank draft, certified cheque or money order in lawful money of Canada payable to Lara Exploration Ltd.

2. The Common Shares (or other securities or property) are to be issued as follows:
Name: ______________________________
(print clearly)
Address in full: ______________________________
Social Insurance or Social Security Number: ______________________________
Number of Common Shares: ______________________________

Note: If further nominees intended, please attach (and initial) schedules giving these particulars.

Such securities (please check one):

(a)*_____________ should be sent by first class mail to the following address:

OR

(b)*_____________ should be held for pick up at the office of the Trustee at which this Warrant Certificate is deposited.

If the number of Warrants exercised is less than the number of Warrants represented hereby, the undersigned requests that the new Warrant Certificate representing the balance of the Warrants be registered in the name of the undersigned and should be sent by first class mail or held for pick up at the office of the Trustee in accordance with the instructions noted directly below. Such securities (please check one):

(a)*_____________ should be sent by first class mail to the following address:

OR

(b)*_____________ should be held for pick up at the office of the Trustee at which this Warrant Certificate is deposited.

3. The undersigned represents, warrants and certifies as follows (one of the following must be checked):

(a) *_____________ the undersigned holder at the time of exercise of the Warrant is not in the United States, is not a "U.S. person" as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and is not exercising the Warrant on behalf of, or for the account or benefit of a U.S. person or person in the United States and did not execute or deliver this exercise form in the United States; OR

(b) *_____________ the undersigned holder has delivered to the Company and the Company's transfer agent an opinion of counsel (which will not be sufficient unless it is in form and substance satisfactory to the Company) or such other evidence satisfactory to the Company to the effect that with respect to the securities to be delivered upon exercise of this Warrant, the issuance of such securities has been registered under the U.S. Securities Act and applicable state securities laws or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

"United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

The undersigned holder understands that unless Box 3(a) above is checked, the certificate representing the Common Shares issued upon exercise of the Warrant will, unless the issuance of such securities has been registered under the U.S. Securities Act and applicable state securities laws, bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. A share certificate bearing such a legend is not considered to be good delivery under the Rules and Policies of the TSX Venture Exchange.

Note: Certificates representing Common Shares will not be registered or delivered to an address in the United States unless Box 3(b) above is checked.

In the absence of instructions to the contrary, the securities or other property will be issued in the name of or to the holder hereof and will be sent by first class mail to the last address of the holder appearing on the register maintained for the Warrants.

DATED the *_____________ day of *_____________, *_____________

_________________________	_________________________
Signature Guaranteed	(Signature of Warrantholder)
	_________________________
	Print full name
	_________________________
	_________________________
	Print full address

1. The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to Pacific Corporate Trust Company at the address below:

If by hand or courier:	If by mail:
c/o: Computershare Trust Company of Canada 510 Burrard Street 2nd Floor Vancouver, British Columbia, V6C 3B9 Attention: Stock Transfer Dept.	c/o: Computershare Trust Company of Canada 510 Burrard Street 2nd Floor Vancouver, British Columbia, V6C 3B9 Attention: Stock Transfer Dept.

Certificates for Common Shares will be delivered or mailed within five business days after the exercise of the Warrants.

2. If the Exercise Form indicates that Common Shares are to be issued to a person or persons other than the registered holder of the Certificate, the signature of such holder of the Exercise Form must be guaranteed by a Schedule "A" major chartered bank, or a member of an acceptable medallion guarantee program. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed".

   Please note signature guarantees are not accepted from treasury branches or credit unions unless they are members of the Stamp Medallion Program.

3. If the Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Trustee and the Company.

4. If Box 3(b) is checked, any opinion tendered must be from counsel of recognized standing in form and substance satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrants should contact the Company in advance to determine whether any opinions tendered will be acceptable to the Company.