PYROGENESIS CANADA INC.
as the Corporation

- and -

CST TRUST COMPANY
as the Warrant Agent

WARRANT INDENTURE

Providing for the Issue of Common Share Purchase Warrants

May 22, 2014

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SCHEDULE "A" FORM OF ACCELERATION NOTICE A-1

SCHEDULE "B" FORM OF WARRANT CERTIFICATE B-1

THIS WARRANT INDENTURE dated as of May 22, 2014

B E T W E E N:

PYROGENESIS CANADA INC.,
a corporation existing under the federal laws of Canada (hereinafter called the "**Corporation**")

A N D

CST TRUST COMPANY, a trust company existing under the laws of Canada and authorized to carry on business in all provinces of Canada (hereinafter called the "**Warrant Agent**")

RECITALS

WHEREAS:

A. The Corporation is completing a private placement of units (the "**Units**"), each Unit consisting of one common share in the capital of the Corporation (a "**Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"), each Warrant entitling the holder thereof to purchase one Share (subject to adjustments as herein provided) at a price of $0.85 (the "**Exercise Price**") at any time prior to 5:00 p.m. (Montreal time) on the Expiry Date (as defined herein) (the "**Time of Expiry**"), all upon the terms and conditions set forth herein;

B. The Corporation has agreed to grant to the Agent (as defined herein) non-transferable compensation options (the "**Compensation Options**"), with each Compensation Option entitling the holder thereof to purchase one Unit at a price of $0.60, comprised of one Share and one-half of one Warrant (each whole such Warrant a "**Compensation Warrant**", and collectively, the "**Compensation Warrants**"), at any time prior to the Time of Expiry;

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

D. The Corporation 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 Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits of and subject to the terms of this Indenture;

F. The foregoing recitals are made as statements of fact by the Corporation and not by the Warrant Agent;

G. The Warrant Agent is the registrar and transfer agent in respect of the Shares;

H. The Warrant Agent has agreed to enter into this Indenture 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 are hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 - INTERPRETATION

Section 1.1 Definitions

In this Indenture, including the recitals and schedules hereto, and in all agreements supplemental hereto:

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

"**Acceleration Notice**" means the notice of acceleration deliverable to Warrantholders upon the Corporation's exercise of the Acceleration Right in substantially the form attached as Schedule "A" hereto;

"**Acceleration Right**" means the right of the Corporation to, within 20 days of the Early Expiry Event, accelerate the Expiry Date to a date that is 20 days following delivery of the Acceleration Notice;

"**Agent**" means Mackie Research Capital Corporation;

"**Applicable Legislation**" means any legislation of Canada or a province thereof that is applicable to warrant indentures or to the rights, duties and obligations of parties to warrant indentures, to the extent that such provisions are applicable to this Indenture;

"**Applicable Procedure**" means (i) with respect to any transfer or exchange of beneficial ownership interests in, or the exercise of Warrants represented by, a Global Security, the applicable rules, procedures or practices of CDS and the Warrant Agent in effect at the time being, and (ii) with respect to any issuance, deposit or withdrawal of Warrants from or to an electronic position evidencing a beneficial ownership interest in Warrants represented by a Global Security, the rules, procedures or practices followed by CDS and the Warrant Agent at the time being with respect to the issuance, deposit or withdrawal of such positions;

"**Authenticated**" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Corporation and countersigned by manual signature of an authorized officer of the Warrant Agent, (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.11(1) are entered in the register of holders of Warrants;

"**Authenticate**", "**Authenticating**" and "**Authentication**" have the appropriate correlative meanings;

"**book-based system**" means the electronic system for clearing, depository and entitlement services operated by CDS;

"Business Day" means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario and/or Montreal, Québec, or any other day on which the principal chartered banks located in Toronto, Ontario and/or Montreal, Québec are not open for business;

"**CDS**" means CDS Clearing and Depository Services Inc., or its successor;

"**CDS Participant**" means a member firm of CDS who participates in the book-based system;

"**Certificated Warrant**" means a Warrant evidenced by a Warrant Certificate and issued pursuant to Section 2.2(2) hereof;

"**Compensation Options**" has the meaning set forth in the recitals;

"**Compensation Warrants**" has the meaning set forth in the recitals;

"**Confirmation**" means a confirmation delivered pursuant to Section 3.1(2) hereof by CDS to the Warrant Agent of CDS's intention to exercise Warrants, in a manner acceptable to the Warrant Agent, including by electronic means through the book-based system;

"**Current Market Price**" means at any date, the weighted average price for the Shares for the 20 consecutive Trading Days ending on (and including) the fifth trading day before such date on the Exchange, or if on such date the Shares are not listed on the Exchange, on such stock exchange upon which such Shares are listed or, if such Shares are not listed on any stock exchange, then on such over-the-counter market as may be selected for such purpose by the Directors. The weighted average price per Share shall be determined by dividing the aggregate sale price of all such Shares sold on the aforementioned stock exchange or over-the-counter market, as the case may be, during the aforementioned 20 consecutive Trading Days by the total number of Shares sold. If the Shares are not then traded in the over-the-counter market or on a recognized exchange or market, the current market price of the Shares shall be the fair market value of the Shares as determined in good faith by the Directors after consultation with an Investment Dealer, acting reasonably;

"**Director**" or "**Directors**" means a director or the directors of the Corporation for the time being, as applicable, unless otherwise specified herein, and reference to "**action by the directors**" means action by the directors of the Corporation as a board or, whenever duly empowered, action by any committee of such board, in each case by a duly-passed resolution;

"**Dividend Paid in the Ordinary Course**" means such dividends (payable in cash or securities, property or assets of equivalent value) declared payable on the Shares in any fiscal year of the Corporation to the extent that such dividends in the aggregate do not exceed an amount or value being the greatest of:

i. 110% of the aggregate amount or value of the dividends declared payable by the Corporation on its Shares in the 12 consecutive months ended immediately prior to the first day of such fiscal year;

ii. 25% of the consolidated net earnings of the Corporation before extraordinary items and after dividends paid on any and all shares of the Corporation for the period of 12 consecutive months ended immediately prior to the first day of such fiscal year (such consolidated net earnings to be shown in the audited financial statements of the Corporation for such 12 month period, or if there are no audited financial statements in respect of such period, computed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recently completed audited consolidated financial statements of the Corporation; and

iii. 10% of the Shareholder's Equity; and for such purpose the amount of any dividends paid other than in cash or shares shall be the fair market value of such dividend as determined by the Directors;

"**Early Expiry Event**" means the first time the Shares have, on the Exchange, or on such other stock exchange on which the greatest volume of Shares may be trading, a closing price at or above $1.20 per Share for a period of 20 consecutive Trading Days after the date that is at least four months and one day following the Closing Date;

"**Exchange**" means the TSX Venture Exchange, or such other exchange or quotation system on which the Shares are then listed or quoted;

"**Exercise Date**" means, with respect to a Warrant, the date on which a Warrant is exercised in accordance with Section 3.1;

"**Exercise Period**" means the period beginning on the Issue Date and ending at the Time of Expiry;

"**Exercise Price**" has the meaning set forth in the recitals;

"**Expiry Date**" means the earlier of (i) November 22, 2015, and (ii) twenty days following the date of delivery of an Acceleration Notice by the Corporation to Warrantholders in accordance with Section 2.4(2) of this Indenture;

"**Extraordinary Resolution**" has the meaning set forth in Section 7.11;

"**Global Security**" means Warrants represented by an Uncertificated Warrant, or if requested by CDS or the Corporation, by a Warrant Certificate, that are registered in the name of CDS, or its nominee, for the purpose of being held by or on behalf of CDS as custodian;

"**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent;

"**Investment Dealer**" means a nationally recognized, independent member of the Investment Industry Regulatory Organization of Canada (IIROC) (or successor regulatory body, organization or association thereto) selected by the Directors;

"**Issue Date**" means May 22, 2014 with respect to the Warrants;

"**Offering**" means the public offering by the Corporation pursuant to the Final Prospectus;

"**Offering of Rights**" has the meaning set forth in Section 4.1(c);

"**Privacy Laws**" has the meaning set forth in Section 10.10;

"**Registered Holder**" means a person that is a registered owner of a Warrant as such name appears on the register, and for greater certainty, shall include CDS as well as the holders of Uncertificated Warrants appearing on the register of the Warrant Agent;

"**Regulation D**" means Regulation D under the 1933 Act;

"**Regulation S**" means Regulation S under the 1933 Act;

"**Representatives**" has the meaning set forth in Section 10.5;

"**Rights Offering**" has the meaning set forth in Section 4.1(d);

"**Rights Period**" has the meaning set forth in Section 4.1(d);

"**Share**" has the meaning set forth in the recitals;

"**Shareholder**" means a holder of one or more of the Shares from time to time;

"**Shareholder's Equity**" means the aggregate of share capital, retained earnings and any and all surplus accounts and reserves as evidenced on the audited financial statements of the Corporation for the most recently ended fiscal year;

"**Successor Entity**" has the meaning given in Section 8.2;

"**Subject Securities**" means the Warrant Shares issuable upon exercise of the Warrants and the Shares or other securities or property issuable upon the exercise of the Warrants as a result of any adjustment to the subscription rights pursuant to Article 4 hereof;

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

"**Time of Expiry**" has the meaning set forth in the recitals;

"**Trading Days**" means any day on which the Exchange is open for trading;

"**Uncertificated Warrant**" means any Warrant which is not a Certificated Warrant;

"**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**Units**" has the meaning set forth in the recitals;

"**U.S. Person**" means a "U.S. person", as such term is defined in Rule 902(k) of Regulation S;

"**Warrants**" means the common share purchase warrants created by, authorized by and issuable under this Indenture, to be issued and countersigned hereunder as a Certificated Warrant and/or Uncertificated Warrant, entitling the holder thereof to purchase one Share (subject to adjustment as herein provided) per Warrant at the Exercise Price prior to the Time of Expiry, including, for greater certainty, the Compensation Warrants partially comprising the units to be issued to the Agent upon exercise of the Compensation Options;

"**Warrant Agency**" means the office of the Warrant Agent in Montreal, Québec or such other place(s) as may be designated in accordance with Section 3.1(4);

"**Warrant Agent**" means CST Trust Company, in its capacity as warrant agent of the Warrants, or any lawful successor thereto;

"**Warrant Certificate**" means a certificate substantially in the form attached as Schedule "B" hereto issued and countersigned hereunder and for the time being outstanding;

"**Warrant Shares**" means the Shares to be issued upon exercise of the Warrants;

"**Warrantholder**" means a Registered Holder and, in respect of Warrants registered in the name of CDS, means a beneficial owner in respect of Warrants held through the book-based system;

"**Warrantholders' Request**" means an instrument signed in one or more counterparts by Warrantholders representing in the aggregate not less than 25% of the aggregate number of then-outstanding Warrants under this Indenture, requesting the Warrant Agent to take some action or proceeding specified therein;

and

"**written request of the Corporation**", "**certificate of the Corporation**" or other document required to be signed by the Corporation mean, respectively, a written order, request, consent, certificate or other document signed by any Director or officer of the Corporation, and may consist of one or more instruments so executed.

Section 1.2 Gender and Number

Unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

Section 1.3 Interpretation not Affected by Headings, etc.

The division of this Indenture into Articles, sections and subsections, 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.

Section 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.

Section 1.5 Time of the Essence

Time shall be of the essence with respect to this Indenture and the Warrants.

Section 1.6 Currency

Except as otherwise stated, all dollar amounts herein are expressed in Canadian dollars.

Section 1.7 Governing Law

This Indenture, the Warrants and the Warrant Certificates shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 1.8 Language

The parties acknowledge that it is their express wish that this Indenture, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

Section 1.9 Statutory References

A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

Section 1.10 Meaning of Outstanding

Every Warrant represented by a Warrant Certificate countersigned and delivered by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to Section 2.9 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 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 such Warrants.

ARTICLE 2 - ISSUE OF WARRANTS

Section 2.1 Issue of Warrants

The Warrants authorized to be issued hereunder are limited in respect of the aggregate number of Shares which can be subscribed for and purchased thereto, and Warrants may be issued only upon and subject to the terms and conditions hereinafter set forth. The Corporation is hereby authorized to create and issue 2,906,183 Warrants entitling the holders thereof to subscribe for and purchase 2,906,183 Shares together with such additional indeterminate number of Shares as may be required to be issued pursuant to any adjustment required to be made under Article 4 hereof, and such Warrants are hereby authorized to be issued.

Section 2.2 Form of Warrants

(1) Subject to Section 2.2(2), Section 2.2(3), Section 2.2(4) and Section 2.3 hereof, Warrants may be issued in both certificated and uncertificated form; provided, however, that all Warrants issued hereunder, other than Warrants represented by a Global Security, shall be issued in certificated form.

(2) All Warrants issued in certificated form shall be evidenced by Warrant Certificates. Upon the issue of Warrants issued in certificated form, Warrant Certificates shall be executed by the Corporation and delivered to the Warrant Agent, Authenticated by the Warrant Agent upon the written request of the Corporation and delivered by the Warrant Agent to the Corporation or to the order of the Corporation pursuant to a written request of the Corporation, without any further act of or formality on the part of the Corporation. The Warrant Certificates shall be substantially in the form of the certificate attached hereto as Schedule "B", shall be dated as of the date hereof irrespective of the actual date of its issuance, and may bear such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe. Irrespective of any adjustments required to be made by the provisions of Article 4 hereof, all replacement Warrant Certificates shall continue to express the number of Shares purchasable upon the exercise of the Warrants represented thereby and the Exercise Price as if such Warrant Certificates were issued as of the initial date of issue thereof pursuant hereto. Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Warrant Certificate shall, subject to the terms of this Indenture and applicable law, validly entitle the holder thereof to acquire Shares, notwithstanding that the form of such Warrant Certificate may not be the form currently required by this Indenture.

(3) Warrants issued in uncertificated form shall be evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.11(1) hereof.

(4) For the purpose of the administration of the Warrants to be issued hereunder and notwithstanding anything to the contrary contained in this Indenture and the Warrant Certificates, Warrants represented by a Global Security will be registered in the name of CDS, or its nominee. Subject to applicable law, Warrants represented by a Global Security shall, unless otherwise requested by CDS or the Corporation, be issued in uncertificated form. If Warrants represented by a Global Security are represented in certificated form, they shall be represented by a Warrant Certificate substantially in the form of the certificate attached hereto as Schedule "B", and, if so represented, such certificate shall be delivered to CDS, or its nominee. The Global Security will be subject to the Applicable Procedures of the book-based system and to Section 2.14 hereof.

Section 2.3 Legends

(1) The Warrants and the Subject Securities have not been and will not be registered under the 1933 Act or under any United States state securities laws. Each Warrant Certificate issued in the United States or certificate representing any Subject Securities issued in the United States or to a U.S. Person (and each Warrant Certificate, certificate representing any Subject Securities or other certificate issued in exchange or in substitution thereof) shall bear the following legends or such variations thereof as the Corporation may prescribe from time to time:

> "THE SECURITIES REPRESENTED HEREBY [IF WARRANTS INCLUDE: "AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF"] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF PYROGENESIS CANADA INC. (THE "COMPANY") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) IN COMPLIANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, (C) IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (D) IN COMPLIANCE WITH RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (E) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND IN THE CASE OF (D) OR (E) ABOVE THE SELLER FURNISHES TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.
>
> [IN THE CASE OF WARRANTS] THESE WARRANTS MAY NOT BE EXERCISED BY OR FOR THE ACCOUNT OR BENEFIT OF A "U.S. PERSON" OR A PERSON IN THE UNITED STATES UNLESS THE WARRANTS AND THE UNDERLYING SECURITIES 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."

provided, that if any Warrants or Subject Securities are being sold in compliance with the requirements of Rule 904 of Regulation S, and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the first paragraph of the above legend may be removed by providing a declaration to the Warrant Agent or the transfer agent for the Subject Securities, as applicable, to the following effect (in addition to such further documents or evidence that the Corporation or the Warrant Agent or the transfer agent for the Subject Securities may reasonably require from time to time, which may include an opinion of counsel in form and substance reasonably satisfactory to them)

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

provided, further, that if any Warrants or Subject Securities are being sold pursuant to Rule 144 under the 1933 Act, the first paragraph of the above legend may be removed upon delivery to the Corporation, Warrant Agent or the transfer agent for the Subject Securities, as applicable, of an opinion of counsel, of recognized standing, in form and substance reasonably satisfactory to them, to the effect that such legend is no longer required under applicable requirements of the 1933 Act.

(2) Each Warrant originally issued prior to the date that is four months and one day after the date hereof and issued in exchange therefor or in substitution thereof, if issued prior to the date that is four months and one day after the date hereof, shall bear or be deemed to bear the following legend or such variations thereof as the Corporation may prescribe from time to time:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY SHALL NOT TRADE THE SECURITY BEFORE SEPTEMBER 23, 2014."

And if applicable, the additional legend as follows:

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES UNDERLYING THESE SECURITIES MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL SEPTEMBER 23, 2014."

(3) Each Global Security held by CDS and each Global Security issued in exchange therefor or in substitution thereof shall bear or be deemed to bear the following legend or such variations thereof as the Corporation may prescribe from time to time:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO PYROGENESIS CANADA INC. (THE "ISSUER") OR THE WARRANT AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS AN INTEREST HEREIN. THIS CERTIFICATE IS ISSUED PURSUANT TO A MASTER LETTER OF REPRESENTATION OF THE ISSUER TO CDS, AS SUCH LETTER MAY BE REPLACED OR AMENDED FROM TIME TO TIME."

(4) Notwithstanding any other provisions of this Indenture, in processing and registering transfers of Warrants, no duty or responsibility whatsoever shall rest upon the Warrant Agent to determine the compliance by any transferor or transferee with the terms of the legend contained in Section 2.3(1), Section 2.3(2) or Section 2.3(3), or with the relevant securities laws or regulations, including, without limitation, Regulation S and the Warrant Agent shall be entitled to assume that all transfers that are processed in accordance with this Indenture are legal and proper.

(5) Warrants and Subject Securities bearing the legend set forth in Section 2.3(1) shall be issued in certificated form.

Section 2.4 Terms and Delivery of Warrants

(1) Each one Warrant issued hereunder shall entitle the holder thereof to subscribe for and purchase one Share at the Exercise Price at any time after the date of issue thereof until the Time of Expiry, subject to Section 2.4(4) hereof.

(2) If at any time after the date that is four months and one day following the Issue Date, the Early Expiry Event occurs, the Corporation shall be entitled, at the option of the Corporation, to exercise the Acceleration Right by delivering an Acceleration Notice to the Warrantholders in the manner set forth in Section 10.2(1).

(3) Pursuant to a written request of the Corporation: (a) with respect to Warrants authorized to be issued in Section 2.1 hereof that are issued in certificated form, Warrant Certificates in definitive form representing such Warrants shall be created and executed by the Corporation, shall be Authenticated by the Warrant Agent and shall be delivered by the Warrant Agent to the Corporation, or to the order of the Corporation; and (b) with respect to Warrants authorized to be issued in Section 2.1 hereof that are issued in uncertificated form, the Warrant Agent shall Authenticate such Warrants; and, in either case, the Warrant Agent shall record the name of the holder of such Warrants on the Warrantholder register maintained by the Warrant Agent pursuant to Section 2.11(1) hereof.

(4) The Exercise Price and the number of Shares which can be subscribed for and purchased pursuant to the Warrants shall be adjusted in the events and in the manner specified in Article 4 hereof.

(5) No fractional Warrants shall be issued or otherwise provided for, and a Warrantholder shall not be entitled to subscribe for or purchase a fractional Share or be entitled to any cash or other consideration such holder might otherwise be entitled to based upon the holding of such Warrants. If the number of Warrants to which a Warrantholder would otherwise be entitled is not a whole number, then the number of Warrants to be issued to such Warrantholder shall be rounded down to the next whole number and the Warrantholder shall not be entitled to any compensation in respect of such fractional Warrant.

(6) Subject to Section 2.10 hereof, the number of Warrants represented by any Warrant Certificate or any Warrant Certificates may be split, combined or exchanged for a Warrant Certificate or Warrant Certificates representing the same number of Warrants in the aggregate.

(7) Subject to Section 3.4 hereof, the Corporation shall issue Shares upon the exercise of Warrants in accordance with the provisions hereof.

Section 2.5 Not Registered in the United States

The Corporation acknowledges and informs the Warrant Agent that the Warrants and the Subject Securities issuable upon exercise thereof have not been and will not be registered under the 1933 Act or any state securities laws, and are being offered and sold in the United States or to or for the account or benefit of U.S. Persons in reliance on exemptions from the registration requirements of the 1933 Act and such state securities laws.

Section 2.6 Warrantholder not a Shareholder

Nothing in this Indenture nor in the holding of a Warrant, whether represented 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 Corporation or the right to receive dividends or other distributions.

Section 2.7 Signing of Warrant Certificates

Warrant Certificates shall be signed by any one Director or officer of the Corporation and may, but need not be, under the seal of the Corporation or a reproduction thereof (which shall be deemed to be the seal of the Corporation). The signatures of such Directors or officers may be mechanically reproduced in facsimile or electronically and Warrant Certificates bearing such facsimile or electronic signatures shall be binding upon the Corporation as if they had been manually signed by such Directors or officers. Notwithstanding that any of the persons whose manual, facsimile, or electronic signature appears on any Warrant Certificate as one of such Directors or officers may no longer hold office at the date of such Warrant Certificate or at the date of the Authentication or delivery thereof, any Warrant Certificate signed as aforesaid and Authenticated by the Warrant Agent shall be valid and binding upon the Corporation and the holder thereof shall be entitled to the benefits of this Indenture.

Section 2.8 Authentication by the Warrant Agent

(1) Each Warrant Certificate shall be Authenticated manually by the Warrant Agent. No Warrant Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefits hereof until it has been Authenticated by the Warrant Agent by means of a manual signature of one or more of its authorized officers, substantially in the form of the countersignature contained on the Warrant Certificate or in some other form approved by the Corporation and the Warrant Agent and such Authentication by the Warrant Agent shall be conclusive evidence as against the Corporation that the Warrant Certificate so Authenticated has been issued hereunder and that the holder thereof is entitled to the benefits hereof.

(2) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise). No Warrant shall be considered issued or shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture until it has been Authenticated by the Warrant Agent by completing its Internal Procedures (and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture) and such Authentication by the Warrant Agent shall be conclusive evidence as against the Corporation that such Uncertificated Warrant so Authenticated has been issued hereunder and that the holder or holders thereof are entitled to the benefits hereof. The register of Warrantholders shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In the case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error.

(3) Authentication by the Warrant Agent shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of the Certificated Warrants or Uncertificated Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent shall in no respect be

liable or answerable for the use made of the Warrant Certificates or Uncertificated Warrants or any of them or of the consideration therefor, except as otherwise specified herein.

(4) Valid, bona fide and authentic transaction statements and statements of account are neither Warrants nor negotiable instruments; they constitute prima facie evidence of records kept in the register but in case of any conflict as at any date or dates between the register, on the one hand, and transaction statements or statements of account on the other hand, the register shall control and be conclusive, absent manifest error. Any person to whom one or more valid, bona fide and authentic transaction statements or statements of account have been issued in error or which conflict with or are not supported by the register (or who should have received but did not receive one or more transaction statements or statements of account) shall have whatever remedies therefore as may be available at law or in equity but shall not be deemed to be the holder of a Warrant entitled to payments thereon or the benefits of this Indenture, except to the extent, if any, such person is shown in the register as the holder of an Uncertificated Warrant.

(5) Recipients of transaction statements and statements of account shall, subject to Section 2.11, be required to express any objections they may have about alleged inaccuracies in such transaction statements and statements of account which adversely affect them in writing (including email) to the Warrant Agent within a reasonable time, not exceeding 10 days of the date of actual receipt by the holder thereof; all rights of the holder, subject to Section 2.11, to benefit from correction of such alleged inaccuracy not so expressed within such time shall be deemed irrevocably waived.

Section 2.9 Issue in Substitution for Lost Warrant Certificates

(1) In case any Warrant Certificate issued and Authenticated hereunder shall become mutilated, lost, destroyed or stolen, the Corporation, subject to Applicable Legislation and Section 2.8(2), shall issue and thereupon the Warrant Agent shall Authenticate and deliver a new certificate for the same class of Warrants and of like date and tenor, and bearing the same legends, if any, as the one mutilated, lost, destroyed or stolen (i) in exchange for and in place of and upon cancellation of such mutilated certificate, or (ii) in lieu of and in substitution for such lost, destroyed or stolen certificate and the substituted certificate shall be in a form approved by the Warrant Agent and shall be entitled to the benefit hereof and shall rank *pari passu* in accordance with its terms with all Warrants of the same class either issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to Section 2.8(1) hereof shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft, as the case may be, of the certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent in their discretion, acting reasonably, and such applicant may also be required to furnish indemnity or security in amount and form satisfactory to the Corporation and the Warrant Agent in their discretion, acting reasonably, to save each of them harmless, and shall pay the reasonable expenses, charges and any taxes applicable thereto of the Corporation and the Warrant Agent in connection therewith.

Section 2.10 Exchange of Warrant Certificates

(1) Warrant Certificates issued and Authenticated hereunder representing any specified number of Warrants to subscribe for and purchase Shares may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrant Certificates representing in the

aggregate the same number of Warrants and entitling the holder thereof to subscribe for and purchase an equal aggregate number of Shares at the same Exercise Price and on the same terms as the Warrant Certificates so exchanged.

(2) Warrant Certificates may be exchanged at the Warrant Agency, or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificate tendered for exchange shall be surrendered to the Warrant Agent and cancelled by the Warrant Agent. The Corporation shall sign and the Warrant Agent shall Authenticate all Warrant Certificates necessary to carry out such exchanges.

(3) For each Warrant Certificate exchanged, the Warrant Agent, except as otherwise herein provided, may charge the Warrantholder a reasonable amount for each new Warrant Certificate issued. Payment for any and all taxes or governmental or other charges required to be paid shall be made by the Warrantholder requesting such exchange, as a condition precedent thereto.

Section 2.11 Registration and Transfer of Warrants

(1) The Corporation will cause to be kept by the Warrant Agent at the Warrant Agency:

(a) a register of holders in which shall be entered in alphabetical order the name and address of each holder of Warrants, whether certificated or uncertificated, the date of Authentication thereof and the number of Warrants held by such holder;

(b) whether such Warrants are Certificated Warrants or Uncertificated Warrants and, if represented by a Warrant Certificate, the unique number or code assigned to and imprinted thereon and, if an Uncertificated Warrant, the unique number or code assigned thereto, if any;

(c) whether any of such Warrants have been cancelled; and

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

(2) Once an Uncertificated Warrant has been Authenticated, the information set forth in the register with respect thereto at the time of Authentication may be altered, modified, amended, supplemented or otherwise changed only to reflect exercise or proper instructions to the Warrant Agent from the holder as provided herein, except that the Warrant Agent may act unilaterally to make purely administrative changes internal to the Warrant Agent and changes to correct errors. Each person who becomes a holder of an Uncertificated Warrant, by his, her or its acquisition thereof shall be deemed to have irrevocably (i) consented to the foregoing authority of the Warrant Agent to make such error corrections and (ii) agreed to pay to the Warrant Agent, promptly upon written demand, the full amount of all loss and expense (including without limitation reasonable legal fees of the Corporation and the Warrant Agent plus interest, at an appropriate then-prevailing rate of interest to the Warrant Agent, sustained by the Corporation or the Warrant Agent as a proximate result of such error if but only if and only to the extent that such present or former holder realized any benefit as a result of such error and could reasonably have prevented, forestalled or minimized such loss and expense by prompt reporting of the error or avoidance of accepting benefits thereof whether or not such error is or should have been timely detected and corrected by the Warrant Agent; provided, that no person who is a bona fide purchaser shall have any such obligation to the Corporation or to the Warrant Agent.

(3) No transfer of any Warrant will be valid unless entered on the appropriate register of transfers referred to in Section 2.11(1) hereof, or on any branch registers maintained pursuant to Section 2.11(8) hereof, upon (a) in the case of a Certificated Warrant, surrender to the Warrant Agent of the Warrant Certificate representing such Warrant, duly endorsed by, or accompanied by a written instrument of transfer in the form attached to the Warrant Certificate, or in such other form satisfactory to the Warrant Agent, 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 executed satisfactory to the Warrant Agent, and (b) in the case of a Warrant represented by a Global Security, in accordance with the procedures described in Section 2.14 hereof, and, upon compliance with the requirements of clause (a) or (b), as applicable, such other reasonable requirements as the Warrant Agent may prescribe and all applicable securities legislation and requirements of regulatory authorities, such transfer will be recorded on the appropriate register of transfers by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue a Warrant Certificate to the transferee of a Certificated Warrant representing the Warrants so transferred.

(4) The transferee of any Warrant will, upon compliance with the requirements of Section 2.11(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 appropriate register of holders referred to in Section 2.11(1) hereof, or on any branch registers of holders maintained pursuant to Section 2.11(8) hereof, as the owner of such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Warrant, except in respect of equities of which the Corporation or Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction.

(5) The Corporation will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in Section 2.11(1) hereof, or on any branch registers maintained pursuant to Section 2.11(8) 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**.**

(6) Subject to Applicable Legislation, neither the Corporation nor the Warrant Agent will be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Warrant, and may transfer any Warrant on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

(7) The registers referred to in Section 2.11(1) hereof, and any branch registers maintained pursuant to Section 2.11(8) hereof, will at all reasonable times be open for inspection by the Corporation and any Warrantholder. The Warrant Agent will from time to time when requested to do so in writing by the Corporation or any Warrantholder (upon payment of the reasonable charges of the Warrant Agent), furnish the Corporation or such Warrantholder with a list of the names and addresses of holders of Warrants (in the case of a Warrantholder of the same class as such Warrantholder) entered on such registers and showing the number of Warrants (in the case of a Warrantholder of the same class as such Warrantholder) held by each such holder thereof.

(8) The Corporation may at any time and from time to time change the place at which the registers referred to in Section 2.11(1) hereof are kept, cause branch registers of holders or transfers to be kept at other places and close such branch registers or change the place at which such branch registers are kept, in each case subject to the approval of the Warrant Agent. Notice of all such

changes or closures shall be given by the Corporation to the Warrant Agent and to holders of Warrants in accordance with Article 10 hereof.

(9) The Warrant Agent shall have no obligation to ensure or verify compliance with any Applicable Legislation or regulatory requirements on the issue, exercise or transfer of any Warrants or any Shares or other securities issued upon the exercise of any Warrants. The Warrant Agent 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 Applicable Legislation and regulatory requirements and the terms of the Indenture and the related Warrant Certificates. The Warrant Agent 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 residency of such Warrantholder and that the address of any transferee to whom any Warrants or 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.

(10) The Warrants and the Subject Securities issuable upon exercise thereof have not been registered under the 1933 Act or any state securities laws, 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 such securities are registered under the 1933 Act and the securities laws of all applicable states or an exemption from such registration requirements is available. The Warrant Agent shall not permit the transfer of any Warrants to a U.S. Person or a person in the United States, unless the holder thereof has provided to the Warrant Agent and the Corporation an opinion of counsel, or other evidence in form reasonably satisfactory to the Corporation and the Warrant Agent, to the effect that such transfer of Warrants does not require registration under the 1933 Act or any applicable state securities laws. The Warrant Agent shall be entitled to rely upon the advice of counsel with respect to transferring a Warrant to a U.S. Person or a person in the United States.

Section 2.12 Ownership of Warrants

(1) The Corporation and the Warrant Agent may deem and treat the person in whose name any Warrant is registered on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.11(1) hereof as the absolute owner of such Warrant for all purposes, and such Person will for all purposes of this Indenture be and be deemed to be the absolute owner thereof, and the Corporation and the Warrant Agent will not be affected by any notice or knowledge to the contrary except as required by statute or by order of a court of competent jurisdiction.

(2) The Registered Holder of any Warrant will be entitled to the rights evidenced thereby free from all equities and rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly, and the issue and delivery to any such Registered Holder of the Shares issuable pursuant thereto will be a good discharge to the Corporation and the Warrant Agent therefor and neither the Corporation nor the Warrant Agent will be bound to inquire into the title of any such Registered Holder.

Section 2.13 Warrants to Rank *Pari Passu*

All Warrants shall rank *pari passu*, whatever may be the actual date of issue of any Warrants.

Section 2.14 Book-Based System Warrants

(1) Registration of beneficial interests in and transfers of Warrants held by CDS shall be made through the book-based system, subject to Applicable Procedures, and no Warrant Certificates shall be issued in respect of such Warrants except as set out in this Section 2.14, where physical certificates evidencing ownership in such securities are required or as may be requested by CDS from time to time. If required or requested, Warrants in the book-based system shall be evidenced by a Global Security as contemplated in Section 2.2(4) hereof.

(2) For so long as Warrants are represented by a Global Security, if any of the following events occurs:

(a) CDS notifies the Corporation that is unwilling or unable to continue as depository of the Warrants represented by a Global Security and the Corporation is unable to locate a qualified successor,

(b) the Corporation determines that CDS is no longer willing, able or qualified to discharge properly its responsibilities as depositary of the Warrants represented by a Global Security and the Corporation is unable to locate a qualified successor,

(c) CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depositary and the Corporation is unable to locate a qualified successor,

(d) the Corporation or CDS is required by applicable laws to take the action contemplated in this Section 2.14(2); or

(e) any of such Warrants is to be Authenticated to or for the account or benefit of a person in the United States;

Warrants shall be issued in exchange for the Global Security, or the applicable portion thereof, in accordance with Section 2.10 hereof but subject to the provisions of this Section 2.14. All such Warrants issued and exchanged pursuant to this Section 2.14(2) shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of such Warrants shall be equal to the aggregate number of Warrants represented by the Global Security so exchanged, and the Global Security so exchanged, or the applicable portion thereof, shall be cancelled by the Warrant Agent.

(3) All references herein to actions by, notices given or payments made to Warrantholders shall, where Warrants are held through a Global Security, refer to actions taken by, or notices given or payments made to, CDS upon instruction from CDS Participants in accordance with Applicable Procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or at the direction of Warrantholders evidencing a specified percentage of the aggregate Warrants outstanding, such direction or consent may be given by holders of Warrants acting through CDS and the CDS Participants owning Warrants evidencing the requisite percentage of the Warrants. The rights of beneficial owners shall be limited to those established by applicable laws and agreements between CDS and the CDS Participants and between such CDS Participants and beneficial owners and must be exercised through a CDS Participant in accordance with the Applicable Procedures.

(4) Each of the Warrant Agent and the Corporation may deal with CDS for all purposes as the authorized representative of the respective Warrantholders and such dealing with CDS shall

constitute satisfaction or performance, as applicable, of their respective obligations hereunder. For so long as Warrants are represented by a Global Security, if any notice or other communication is required to be given to Warrantholders, the Warrant Agent will give such notices and communications to CDS or its nominee.

(5) Transfers of beneficial ownership in any Warrant represented by a Global Security will be effected only (i) with respect to the interest of a CDS Participant, through records maintained by CDS or its nominee for such Global Security, and (ii) with respect to the interest of any person other than a CDS Participant, through records maintained by CDS Participants. Beneficial owners who are not CDS Participants but who desire to sell or otherwise transfer ownership of or any other interest in Warrants represented by such Global Security may do so through a CDS Participant. In addition, beneficial owners may request fully registered Warrant Certificates in accordance with the Applicable Procedures and Internal Procedures. Fully registered Warrant Certificates issued and exchanged pursuant to this Section 2.14(5) as a result of the withdrawal of a number of Warrants from a Global Security shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Warrants so withdrawn from a Global Security. Upon withdrawal of a Global Security for one or more Warrant Certificates in definitive form, the number of Warrants represented by such Global Security shall be reduced by the Warrant Agent.

(6) Notwithstanding anything herein or in the terms of the Warrant Certificates to the contrary, neither the Corporation nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for (i) the records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by any Global Security (other than the applicable depository or its nominee), (ii) for maintaining, supervising or reviewing any records of CDS or any CDS Participant relating to any such interest, or (iii) any advice or representation made or given by CDS or those contained herein that relate to the rules and regulations of CDS, including the Applicable Procedures, or any action to be taken by CDS on its own direction or at the direction of any CDS Participant.

(7) The provisions of Section 2.11 hereof with respect to the transfer of Warrants are subject to the provisions of this Section 2.14.

(8) The Corporation may terminate the application of this Section 2.14 in its sole discretion on written notice to the Warrant Agent.

ARTICLE 3 - EXERCISE OF WARRANTS

Section 3.1 Method of Exercise of Warrants

(1) Subject to Section 3.1(2) and Section 3.1(7) hereof, the holder of any Warrant may exercise the right thereby conferred on such holder to subscribe for and purchase Shares by surrendering, during regular business hours, after the date of issue of the Warrant but prior to the Time of Expiry, to the Warrant Agent at the place specified in Section 3.1(5) hereof or any other place or places that may be designated by the Corporation with the approval of the Warrant Agent, the Warrant Certificate, with a properly completed and executed subscription form in substantially the form contained on the Warrant Certificate, together with a certified cheque, bank draft or money order in lawful money of Canada payable to or to the order of the Corporation in an

amount equal to the product obtained by multiplying the Exercise Price by the number of Shares subscribed for pursuant to such Warrant Certificate. A Warrant Certificate with the duly completed and executed subscription form, together with the certified cheque, bank draft or money order, shall be deemed to be surrendered only upon delivery thereof or, if sent by mail or other means of transmission, upon receipt thereof, in each case at the office of the Warrant Agent provided for in subsection 3.1(5) hereof or any such other place designated by the Corporation with the approval of the Warrant Agent.

(2) No Warrant represented by a Global Security may be exercised unless, prior to such exercise, the holder of such Warrant shall have taken all other action necessary to exercise such Warrant in accordance with this Indenture and the Applicable Procedures. Notwithstanding anything to the contrary contained herein and subject to the Applicable Procedures in force from time to time, a beneficial owner of Warrants represented by a Global Security who desires to exercise his, her or its Warrants must do so by causing a CDS Participant to deliver to CDS, on behalf of the beneficial owner, a written notice of the beneficial owner's intention to exercise Warrants in a manner acceptable to CDS. Forthwith upon receipt by CDS of such notice, as well as payment in an amount equal to the product obtained by multiplying the Exercise Price by the number of Shares subscribed for, CDS shall deliver to the Warrant Agent a Confirmation.

Payment representing the Exercise Price must be provided to the appropriate office of the CDS Participant in a manner acceptable to it. A notice in form acceptable to the CDS Participant and payment from such beneficial owner should be provided to the CDS Participant sufficiently in advance so as to permit the CDS Participant to deliver notice and payment to CDS and for CDS in turn to deliver notice and payment to the Warrant Agent prior to Time of Expiry. CDS will initiate the exercise by way of the Confirmation and forward the Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the book-based system the Shares to which the exercising beneficial owner is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the beneficial owner exercising the Warrants and/or the CDS Participant exercising the Warrants on its behalf.

By causing a CDS Participant to deliver to CDS a written notice of the beneficial owner's intention to exercise Warrants, the beneficial owner shall be deemed to have irrevocably surrendered his, her or its Warrants so exercised and appointed such CDS Participant to act as his, her or its exclusive settlement agent with respect to the exercise and the receipt of underlying Shares in connection with the obligations arising from such exercise.

Any notice of the beneficial owner's intention to exercise Warrants which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise or to give effect to the settlement thereof in accordance with the beneficial owner's instructions will not give rise to any obligations or liability on the part of the Corporation or Warrant Agent to the CDS Participant or the beneficial owner.

Any Confirmation received by the Warrant Agent after business hours on any Business Day other than the Expiry Date will be deemed to have been received by the Warrant Agent on the following Business Day. The Confirmation (together with payment representing the Exercise Price for the Shares for which the Warrant is being exercised) in connection with any exercise by a beneficial owner must be received by the Warrant Agent prior to the Time of Expiry. Any Warrant with respect to which a Confirmation (together with payment representing the Exercise

Price for the Shares for which the Warrant is being exercised) is not received by the Warrant Agent before the Time of Expiry shall be deemed to have expired and become void and all rights with respect to such Warrant shall terminate and be cancelled.

(3) Any subscription form referred to in Section 3.1(1) hereof shall be signed by the Warrantholder, or his, her or its executors, administrators or other legal representatives or his, her or its attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Warrant Agent, acting reasonably, and shall specify (A) the number of Shares which the holder desires to subscribe for and purchase, such number, in the case of the exercise of Certificated Warrants, being not more than the number which the holder is entitled to subscribe for and purchase pursuant to the Warrant Certificate surrendered, (B) the person or persons in whose name or names such Shares are to be issued, (C) the address or addresses of such person or persons, or the office of the Warrant Agent at which the Warrant Certificate or transaction instruction was surrendered and the certificates representing such Shares, or other appropriate form of evidence of ownership, are to be sent, and (D) the number of Shares to be issued to each such person if more than one is so specified. If any of the Subject Securities subscribed for are to be issued to a person(s) other than the Warrantholder, the signatures set out in the subscription referred to in subsection 3.1(1) shall be guaranteed by a Schedule 1 Canadian chartered bank or by an eligible guarantor institution with membership in an approved signature medallion program and the Warrantholder shall pay to the Corporation all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing Subject Securities unless or until such Warrantholder shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

(4) The Corporation has designated the office of the Warrant Agent in Montreal, Québec as the place at which the Warrants may be exercised. The Corporation will give notice to the Warrantholders pursuant to Article 10 hereof of the location of any other place appointed by the Corporation and approved by the Warrant Agent and of the change in the location of any new or existing place where Warrants may be exercised.

(5) The Warrant Agent shall as soon as practicable account to the Corporation with respect to Warrants exercised. All such monies, and any securities or other instruments, from time to time deposited by the Warrant Agent, shall be disbursed to the Corporation in accordance with this Indenture.

(6) The Warrant Agent shall record the particulars of the Warrants exercised for Shares which particulars shall include the names and addresses of the persons who become holders of Shares, if any, on exercise, the number of Shares issued, the Exercise Date and the Exercise Price. Within five Business Days of each Exercise Date, the Warrant Agent shall provide such particulars in writing to the Corporation.

(7) The Warrants and the Subject Securities issuable upon exercise thereof have not been registered under the 1933 Act or any state securities laws, 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 such securities are registered under the 1933 Act and the securities laws of all applicable states or an exemption from such registration requirements is available. The Warrant Agent shall not issue or register Subject Securities or the certificates representing such Subject Securities unless the holder has executed and delivered to the Warrant Agent either:

(a) a written certification that it is not at the time of exercise of the Warrant (i) in the United States, (ii) a U.S. Person, (iii) exercising the Warrant on behalf of a U.S. Person or a person in the United States, and (iv) executing or delivering the exercise form for such securities in the United States; or

(b) a written opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the 1933 Act and applicable state securities laws is available for the issuance of the Subject Securities.

Section 3.2 Effect of Exercise of Warrants

(1) Upon compliance by the holder of any Warrants with the provisions of Section 3.1 hereof, but subject to the provisions of Section 3.3(2) hereof, the number of Shares subscribed for and purchased shall be deemed to have been issued and the person or persons to whom such Shares are to be issued shall be deemed to have become the holder or holders of record of such Shares on the Exercise Date thereof unless the transfer books of the Corporation shall be closed on such date, in which case the Shares subscribed for and purchased shall be deemed to have been issued, and such person or persons shall be deemed to have become the holder or holders of record of such Shares on the date on which such transfer books are reopened but such Shares shall be issued at the Exercise Price in effect on the Exercise Date.

(2) As soon as practicable, and in any event no later than the fifth Business Day on which the transfer books of the Corporation have been opened after the exercise of a Warrant as aforesaid, the Corporation shall forthwith (A) cause to be mailed to the person or persons in whose name or names the Shares so subscribed for and purchased are to be issued, as specified in the subscription completed on the Warrant Certificate at the address specified in such subscription form, or (B) if specified in such subscription form, cause to be delivered to such person or persons at the office of the Warrant Agent where such Warrant Certificate was surrendered, a certificate or certificates representing the appropriate number of Shares to which the Warrantholder is entitled and elected to subscribe for and purchase pursuant to the provisions of Section 3.1 hereof, or provide any other appropriate evidence of the issuance of Shares in respect of such Shares if issued under the book-based system.

Section 3.3 Subscription for Less than Entitlement

(1) The holder of any Warrants may subscribe for and purchase a number of Shares less than the maximum number which the holder is entitled to subscribe for and purchase, provided that in no event shall fractional Shares be issued in connection with the exercise of Warrants. In such event, the holder thereof upon exercise thereof shall, in addition, be entitled to receive a new Warrant Certificate complying with Section 2.2 hereof, or other appropriate evidence of Warrants, in respect of the balance of the Shares which such holder was entitled to subscribe for and purchase and which were not then subscribed for and purchased.

(2) Notwithstanding any adjustment provided for in Article 4 hereof or otherwise, the Corporation shall not be required upon the exercise of a Warrant to issue fractions of Shares or to distribute certificates which evidence fractional Shares. If the number of Shares to which a Warrantholder would otherwise be entitled upon the exercise of a Warrant is not a whole number then, subject to section 3.4 hereof, the number of Shares to be issued shall be rounded down to the next whole number and the holder of such Warrants shall not be entitled to any compensation in respect of any fractional Share.

Section 3.4 Warrant Certificates for Fractions of Shares

To the extent that the holder of a Warrant is entitled to receive on the exercise or partial exercise thereof a fraction of a Share, such right may only be exercised in respect of such fraction in combination with another Warrant which in the aggregate entitles the Warrantholder to receive a whole number of Shares.

Section 3.5 Expiration of Warrants

Immediately after the Time of Expiry, all rights under any Warrant in respect of which the right of subscription and purchased therein provided shall not theretofore have been exercised shall wholly cease and terminate and such Warrant and the Certificate representing such Warrant shall be void, of no further force or effect and of no value whatsoever.

ARTICLE 4 - ADJUSTMENT OF PURCHASE RIGHTS

Section 4.1 Adjustment of Number of Shares Purchasable Upon Exercise

The subscription rights in effect at any date attaching to the Warrants shall be subject to adjustment from time to time as follows:

(a) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation shall:

(i) issue Shares (other than Shares issuable on the exercise of the Warrants issued hereby) or other securities exchangeable or convertible into Shares (other than a Rights Offering as defined under section 4.1(d)) to all or substantially all of the holders of the Shares, by way of a distribution;

(ii) subdivide, redivide or change its outstanding Shares into a greater number of Shares; or

(iii) reduce, combine or consolidate its outstanding Shares into a smaller number of Shares;

the number of Shares obtainable under each Warrant then outstanding shall be adjusted immediately after the effective date of such dividend, distribution, subdivision, redivision, change, reduction, combination or consolidation, by multiplying the number of Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the total number of Shares outstanding immediately after such date and the denominator shall be the total number of Shares outstanding immediately prior to such date, and the Exercise Price will be contemporaneously adjusted accordingly, so that the total price to be paid for the aggregate number of Shares obtainable on exercise of the Warrant following such effective date remains unchanged. Such adjustments shall be made successively whenever any event referred to in this Section 4.1 shall occur;

(b) if and whenever at any time from the date hereof and prior to the Time of Expiry, there is a reclassification of the Shares or a capital reorganization of the Corporation, other than as described in section 4.1(a), or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale, conveyance or transfer of all or substantially all of the property and assets of the Corporation as an entirety or substantially as an entirety, any Warrantholder

who has not exercised its Warrants prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Shares such Warrantholder would otherwise be entitled to acquire, the number of Shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, 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 reclassification, capital reorganization, consolidation, amalgamation, merger, sale or conveyance, 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 Shares to be acquired by it if all Warrants then held by such Warrantholder had been exercised immediately prior to such record date or effective date.

If determined appropriate by the Warrant Agent to give effect to or to evidence the provisions of this section 4.1(b), the Corporation, 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 reclassification, capital reorganization, consolidation, amalgamation, merger, sale or conveyance, 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 possible, with respect to any Shares, other securities or property to which a Warrantholder is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Warrant Agent pursuant to the provisions of this section 4.1(b) shall be a supplemental indenture entered into pursuant to the provisions of Article 8 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Warrant Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, reorganizations, amalgamations, consolidations, mergers, sales or conveyances;

(c) subject to compliance by the Corporation with all applicable securities laws and the requirements of the Exchange, if and whenever at any time from the date hereof and prior to the Time of Expiry the Corporation issues securities, including rights, options or warrants (other than the Warrants or in connection with the exercise of Warrants issued hereunder) to purchase Shares or securities exchangeable for or convertible into Shares or property or assets of the Corporation (including evidences of indebtedness) to all or substantially all the holders of its outstanding Shares (other than as a Dividend Paid in the Ordinary Course (including a distribution referred to in section 4.1(a) or a Rights Offering as defined under section 4.1(d)) (hereinafter referred to as an "**Offering of Rights**"), then any Warrantholder who has not exercised its Warrants prior to the record date of the Offering of Rights, upon the exercise prior to the Time of Expiry of such Warrants thereafter, shall be entitled to receive (upon compliance with the same terms and conditions as imposed upon all other recipient Shareholders), in addition to the number of Shares such Warrantholder is entitled to acquire upon exercise of the Warrants held thereby, the number of rights, options, warrants or other securities (as issued in connection with the Offering of Rights), as the case may be, that such Warrantholder would have been entitled to receive in connection with the Offering of Rights, 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 Shares to be acquired by it if all Warrants then held by such Warrantholder had been exercised immediately prior to such record date of the Offering of Rights; and

(d) if and whenever at any time from the date hereof and prior to the Time of Expiry, the Corporation fixes a record date for the distribution to all or substantially all of the Shareholders of record of rights, options or warrants entitling them for a period expiring not more than 45 days after such record date (the "**Rights Period**"), to subscribe for or purchase Shares, or securities exchangeable for or convertible into Shares, at a price per Share to the holder (or at an exchange or conversion price per Share) of less than 95% of the Current Market Price for the Shares on such record date (any of such events being called a "**Rights Offering**"), then the Exercise Price shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

(i) the numerator of which shall be:

the total number of Shares outstanding on such record date; plus

the number of Shares equal to the number arrived at by dividing:

the amount equal to the aggregate consideration payable on the exercise of all of the rights, warrants and options under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, warrants or options (assuming the exercise of all rights, warrants and options under the Rights Offering and assuming the exchange or conversion of all exchangeable or convertible securities issued upon exercise of such rights, warrants and options);

by

(ii) the Current Market Price of the Shares as of the record date for the Rights Offering, and

(iii) the denominator of which shall be the total number of Shares outstanding on such record date plus the total number of additional Shares so offered for subscription or purchase (or into or for which the convertible or exchangeable securities so offered are convertible or exchangeable).

The resulting product, adjusted to the nearest $1/100^{th}$, shall thereafter be the Exercise Price until further adjusted in accordance with this Article 4 (provided however that no adjustment shall be made if the cumulative effect of such adjustment or adjustments would change the Exercise Price by less than one percent, in which case such adjustment shall be carried forward and taken into account in a subsequent adjustment). Any Shares owned by or held for the account of the Corporation or a partnership in which the Corporation is directly or indirectly a party will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all of the rights, options or warrants have been exercised, then the Exercise Price for any unexercised Warrants shall be readjusted effective immediately after the date of expiry to the Exercise Price which would have been in effect on the date of expiry if only the rights, options or warrants issued had been

those actually exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Shares, then the Exercise Price for any unexercised Warrants shall be readjusted effective immediately after the date of expiry to the Exercise Price which would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Shares.

(e) The adjustments provided for in this Section 4.1 in the number of Shares and types of securities or other property which are to be received on the exercise of Warrants are cumulative. After any adjustment pursuant to this Section 4.1, the term "Shares" where used in this Indenture shall be interpreted to mean securities of any type or types of securities or other property which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Warrantholder is entitled to receive upon the exercise of its Warrants, and the number of Shares indicated by any exercise made pursuant to such Warrants shall be interpreted to mean the number of Shares or other property or securities a Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of such Warrants.

Section 4.2 Rules Regarding Calculation of Adjustment of Number of Shares Purchasable Upon Exercise

(1) Notwithstanding anything in this Article 4, no adjustment shall be made:

(a) to the acquisition rights attached to the Warrants if the issue of Shares, rights, options, warrants or securities exchangeable or convertible into Shares, is being made pursuant to this Indenture or pursuant to any stock option, stock purchase plan or stock compensation plan in force from time to time for the Directors, officers, employees or consultants of the Corporation, or of their affiliates, or being made to satisfy existing instruments issued and outstanding as of the date of this Indenture; or

(b) to the number of Shares which may be subscribed for on the exercise of a Warrant unless it would result in a change of at least $1/100^{th}$ of an Share (provided, however, that any adjustments which by reason of this Section 4.2(1)(b) are not required to be made shall be carried forward and taken into account in any subsequent adjustment).

(2) If a dispute shall at any time arise with respect to adjustments provided for in Section 4.1, such adjustments shall be determined by the chartered accountant or firm of chartered accountants duly appointed as auditors of the Corporation from time to time, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the Directors and any such determination shall be final and conclusive and binding upon the Corporation, Warrant Agent and Warrantholders.

(3) If the Corporation shall set a record date to determine the holders of the Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such Shareholders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the number of Shares purchasable upon exercise of any Warrant shall be required by reason of the setting of such record date.

(4) In the absence of a resolution of the Directors fixing a record date for an event described in Section 4.1, the Corporation shall be deemed to have fixed as the record date therefor the date on which such event is effected.

(5) As a condition precedent to the taking of any action which would require any adjustment in any of the purchase rights pursuant to any of the Warrants, including the number or class of Shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of counsel, be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Shares or other securities which all the holders of such Warrants are entitled to receive on the total exercise thereof in accordance with the provisions thereof.

(6) If the Corporation, after the date hereof, shall take any action affecting any Shares, other than action otherwise described in this Article 4, which, in the opinion of the Directors, would materially affect the rights of Warrantholders, the number of Shares purchasable upon exercise of a Warrant shall be adjusted in such manner, if any, and at such time, as the Directors, in their sole discretion, may determine to be equitable in the circumstances, subject to Exchange approval. The failure of the Directors to take any action to provide for such an adjustment prior to the effective date of any action by the Corporation affecting such Shares shall be conclusive evidence that the Directors have determined that it is equitable to make no adjustment in the circumstances.

Section 4.3 Notice of Adjustment of Number of Shares Purchasable Upon Exercise

(1) At least 20 calendar days prior to the effective date or record date, as the case may be, of any event which requires or might require an adjustment in any of the purchase rights pursuant to any of the then outstanding Warrants, including the number of Shares which are purchasable upon the exercise thereof, the Corporation shall from the date hereof and prior to the Time of Expiry:

(a) file with the Warrant Agent a certificate of the Corporation specifying the particulars of 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 and, if determinable, the required adjustment.

(2) If any adjustment for which a notice in Section 4.3(1) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable:

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

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

Section 4.4 Entitlement to Shares on Exercise of Warrant

All Shares of any class or other securities which a Warrantholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall for the purposes of the interpretation of this Indenture, be deemed to be Shares which such Warrantholder is entitled to acquire pursuant to such Warrant.

Section 4.5 No Action after Notice

The Corporation covenants with the Warrant Agent that it will not close its transfer books or take any other action which might deprive the holder of a Warrant of the opportunity to exercise its right of acquisition pursuant thereto during the period of 14 calendar days after the giving of the notice required by Section 4.3.

Section 4.6 Protection of Warrant Agent

Except as provided in Article 9, the Warrant Agent:

(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 contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

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

(c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver the Subject Securities or certificates for the same upon the surrender of any Warrants for the purpose of the exercise of such rights; and

(d) shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the Directors, the Corporation or the officers, employees, agents or servants of the Corporation, as applicable.

ARTICLE 5 - RIGHTS OF THE TRUST AND COVENANTS

Section 5.1 Optional Purchases by the Corporation

Subject to compliance with applicable securities legislation and approval of applicable regulatory authorities, the Corporation may from time to time purchase by private contract 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 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 Corporation, in its sole discretion, may determine. Any Warrant Certificates evidencing the Warrants purchased pursuant to this Section 5.1 shall forthwith be surrendered to and cancelled by the Warrant Agent. In the case of Uncertificated Warrants, the Warrants purchased pursuant to this Section 5.1 shall be reflected accordingly on the register of Warrants in accordance with the Applicable Procedures of the book-based system. No Warrants shall be issued in replacement thereof.

Section 5.2 General Covenants

The Corporation covenants and agrees with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that so long as any Warrants remain outstanding:

(1) The Warrants, when issued and countersigned as herein provided, will be valid and enforceable against the Corporation and, subject to the provisions of this Indenture, the Corporation will cause the Subject Securities acquired pursuant to the exercise of Warrants under this Indenture and the certificates representing such Subject Securities to be duly delivered, all in accordance with the Warrant Certificates and the terms hereof. At all times prior to the Time of Expiry, while any of the Warrants are outstanding, the Corporation shall reserve and there shall be conditionally allotted but unissued out of its authorised capital, the necessary number of Subject Securities from time to time. All Subject Securities delivered pursuant to the exercise of the Warrants shall be issued as fully paid and non-assessable and shall be delivered free and clear of any encumbrances.

(2) The Corporation will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances as the Warrant Agent may reasonably require for the better accomplishing and effecting of the intentions and provisions of this Indenture.

(3) Subject to the express provisions hereof, the Corporation will do or cause to be done, all things necessary to preserve and keep in full force and effect its corporate existence and conduct its business in a prudent manner in accordance with industry standards and good business practice, provided, however, that (subject to Section 4.1 and Section 4.2) nothing herein contained shall prevent the amalgamation, consolidation, merger, sale, winding up or liquidation of the Corporation or any subsidiary of the Corporation or the abandonment of any rights and franchises of the Corporation or any subsidiary of the Corporation if, in the opinion of the Directors or officers of the Corporation, it would be advisable and in the best interest of the Corporation or of such subsidiary of the Corporation to do so.

(4) The Corporation shall take all such reasonable steps and actions to do all such reasonable things that may be required to maintain the listing and posting for trading of the Shares and the Warrant Shares on the Exchange or such other recognized stock exchange or quotation system until such time as Warrants cease to be outstanding, and to take all such reasonable steps and actions to do all such reasonable things that may be required to maintain its status as a "reporting issuer" not in default of the requirements of the Applicable Legislation of all provinces and territories of Canada where it is or may, from time to time, be a reporting issuer until such time as Warrants cease to be outstanding, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a "reporting issuer" so long as the holders of Shares receive securities of an entity which is listed on a stock exchange in Canada or such other exchange as may be agreed upon by the Corporation and the Agent, acting reasonably, or the holders of the Shares have approved the transaction.

(5) The Corporation will cause the Warrant Agent to keep open the register of Warrantholders and transfers of Warrants referred to in Section 2.11 and will not take any action or omit to take any action which would have the effect of preventing the Warrantholders from exercising any of the Warrants or receiving any of the underlying Warrant Shares upon such exercise.

(6) The Corporation will make all requisite filings, registrations and notices, including those required to be made with the appropriate securities commissions and the Exchange and the Corporation shall pay all corresponding fees, in connection with the exercise of the Warrants.

(7) The Corporation will duly and punctually perform and carry out all the acts and things to be done by it as provided in this Indenture.

(8) The Corporation will promptly advise the Warrant Agent and the Warrantholders in writing of any default under the terms of this Indenture.

Section 5.3 Warrant Agent's Remuneration and Expenses

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in the administration or execution of its duties hereunder (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense, disbursement or advance as may arise out of or result from the Warrant Agent's gross negligence, wilful misconduct or fraud. Any amount due under this Section 5.3 shall bear interest at a rate per annum equal to the current rate charged by the Warrant Agent from time to time from 30 days after the Warrant Agent shall have made a request for payment. This Section 5.3 shall survive the removal of the Warrant Agent and the termination of this Indenture.

Section 5.4 Performance of Covenants by Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Indenture, and shall have not rectified such failure within ten (10) Business Days after having received notice from the Warrant Agent of such failure, the Warrant Agent may notify the Warrantholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it but, subject to Section 9.2, shall be under no obligation to perform said covenants or to notify the Warrantholders of such performance by it. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 5.3. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

Section 5.5 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section 5.5.

Section 5.6 Corporation Not SEC Filer

The Corporation represents and warrants that it is not filing with the U.S. Securities and Exchange Commission ("**SEC**") as a Foreign Private Issuer (as such term is defined in the *Securities Exchange Act of 1934*) and covenants that, in the event that it shall begin to file as a Foreign Private Issuer, the Corporation shall promptly deliver to Warrant Agent an Officers' Certificate (in a form provided by the Warrant Agent) certifying such "reporting issuer" status and such other information as the Warrant Agent may require at such given time.

ARTICLE 6 - ENFORCEMENT

Section 6.1 Suits by Warrantholders

All or any of the rights conferred upon any Warrantholder by any of the terms of the Warrant Certificates or of this Indenture, or of both, may be enforced by the Warrantholder by appropriate proceedings in accordance with and subject to the provisions of this Indenture but without prejudice to the right which is conferred upon the Warrant Agent in Article 9 to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Warrantholders in accordance with and subject to the provisions of this Indenture.

Section 6.2 Immunity of Shareholders, etc.

Each of the Warrant Agent and each Warrantholder, hereby waives and releases any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future Shareholder, director, officer, employee or agent of the Corporation or any Successor Entity or manager on any covenant, agreement, representation or warranty by the Corporation herein or contained in the Warrant Certificates.

Section 6.3 Limitation of Liability

The obligations hereunder and under the Warrant Certificates are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future Shareholders of the Corporation or any Successor Entity or any of the past, present or future directors, officers, employees, securityholders or agents of the Corporation or any Successor Entity or manager, but only the property of the Corporation or any Successor Entity shall be bound in respect hereof.

ARTICLE 7 - MEETINGS OF WARRANTHOLDERS

Section 7.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Warrantholders' Request and upon being indemnified and funded to its reasonable satisfaction by the Corporation or by the Warrantholders signing such Warrantholders' Request against the cost which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Warrantholders. In the event of the Warrant Agent failing to so convene a meeting within seven calendar days after receipt of such written request of the Corporation or such Warrantholders' Request and indemnity and funding given as aforesaid, the Corporation or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in Toronto, Ontario or at such other place as may be approved or determined by the Warrant Agent.

Section 7.2 Notice

At least 14 calendar days' prior notice of any meeting of Warrantholders shall be given to the Warrantholders in the manner provided for in Section 10.2 and a copy of such notice shall be delivered to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation). Such notice shall state the time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 7. The notice convening

any such meeting may be signed by an appropriate officer of the Warrant Agent or of the Corporation, or, in the event the meeting is being convened by the Warrantholders, by the person or persons designated by such Warrantholders, as the case may be.

Section 7.3 Chairman

An individual (who need not be a Warrantholder) designated in writing by the Warrant Agent shall be chairman of the meeting and if no individual is so designated, or if the individual so designated 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 an individual present to be chairman. The chairman of the meeting need not be a Warrantholder.

Section 7.4 Quorum

Subject to the provisions of Section 7.11, at any meeting of the Warrantholders a quorum shall consist of Warrantholders present in person or represented by proxy and representing at least 25% of the aggregate number of then outstanding Warrants, provided that at least two persons entitled to vote thereat are personally present. If a quorum of the Warrantholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to such Business Day being not more than 14 days later than such date and to such place and time as may be determined by the chairman of the meeting and, subject to Section 7.11, no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 25% of the aggregate number of then outstanding Warrants. No business shall be transacted at any meeting unless a quorum be present at the commencement of business.

Section 7.5 Power to Adjourn

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

Section 7.6 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 such 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.

Section 7.7 Poll and Voting

On every Extraordinary Resolution, and on any other question submitted to a meeting and after a vote by show of hands, when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by Extraordinary Resolution shall be decided by a majority of the votes cast on the poll.

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 a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Warrant held or represented by it. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by him.

Section 7.8 Regulations

Subject to the provisions of this Indenture, the Warrant Agent, or the Corporation with the approval of the Warrant Agent, may from time to time make and from time to time vary such regulations as the Warrant Agent, or the Corporation with the approval of the Warrant Agent, shall think fit for:

(a) the setting of the record date for a meeting for the purpose of determining Warrantholders entitled to receive notice of and to vote at the meeting;

(b) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or sent by facsimile before the meeting to the Corporation or to the Warrant Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;

(c) the form of the instrument of proxy; and

(d) generally for the calling of meetings of Warrantholders and the conduct of business thereat.

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 such regulations may provide, the only persons who shall be recognized at any meeting as a Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 7.9), shall be Warrantholders or their counsel, or persons holding proxies of Warrantholders.

Section 7.9 Corporation and Warrant Agent May be Represented

The Corporation and Warrant Agent, by their respective directors, officers and employees, and the counsel for the Corporation, the Warrantholders and Warrant Agent, may attend and speak at any meeting of the Warrantholders in their personal capacity, but shall not have the right to vote as such thereat.

Section 7.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by Applicable Legislation, the Warrantholders at a meeting shall, subject to the provisions of Section 7.11 and Section 7.15 and subject to Exchange approval, have the power, exercisable from time to time by Extraordinary Resolution to:

(a) agree to any modification, abrogation, alteration, compromise or arrangement, whether or not adverse to the rights of Warrantholders, or, with the Warrant Agent's consent, the Warrant Agent in its capacity as warrant agent hereunder or on behalf of the

Warrantholders against the Corporation whether such rights arise under this Indenture or the Warrant Certificates or otherwise;

(b) amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Warrantholders;

(c) direct or to authorize the Warrant Agent to enforce any of the covenants on the part of the Corporation contained in this Indenture or the Warrant Certificates or to enforce any of the rights of the Warrantholders in any mariner specified in such Extraordinary Resolution or to refrain from enforcing any such covenant or right;

(d) waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any provisions of this Indenture or the Warrant Certificates either unconditionally or upon any conditions specified in such Extraordinary Resolution;

(e) restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or the Warrant Certificates or to enforce any of the rights of the Warrantholders;

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

(g) 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 Corporation, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;

(h) remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed, all with the consent of the Corporation, such consent not to be unreasonably withheld; and

(i) assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any Shares or other securities of the Corporation.

Section 7.11 Meaning of Extraordinary Resolution

(1) The expression "**Extraordinary Resolution**" when used in this Indenture means, subject as hereinafter provided in this Section 7.11 and in Section 7.14, a resolution proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 7 at which there are present in person or by proxy Warrantholders representing at least 25% of the aggregate number of then outstanding Warrants and passed by the affirmative votes of Warrantholders representing not less than 66 2/3% of the aggregate number of then-outstanding Warrants represented at the meeting and voted on the poll upon such resolution.

(2) If, at the meeting at which an Extraordinary Resolution is to be considered, Warrantholders representing at least 25% of the aggregate number of then outstanding Warrants are not present

in person or by proxy within 30 minutes 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 be adjourned to such Business Day being not more than 14 days later than such date and to such place and time as may be determined by the chairman of the meeting and no notice of the adjournment need be given. 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 and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 7.11(1) shall be an Extraordinary Resolution within the meaning of this Indenture notwithstanding that Warrantholders representing at least 25% of the aggregate number of then outstanding Warrants are not present in person or by proxy at such 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.

Section 7.12 Powers Cumulative

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 such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such power or powers or combination of powers then or thereafter from time to time.

Section 7.13 Minutes

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

Section 7.14 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 7 may also be taken and exercised by Warrantholders representing at least, in the case of all resolutions except Extraordinary Resolutions, 50.1% of the aggregate number of then outstanding Warrants or, in the case of Extraordinary Resolutions, 66 2/3% of then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing where notice of the existence of such instrument has been given to all Warrantholders, and the expression "resolution" or "Extraordinary Resolution", as applicable, when used in this Indenture shall include an instrument so signed.

Section 7.15 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 7 at a meeting of Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with Section 7.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein

contained) shall be bound to give effect accordingly to every such resolution and instrument in writing. In the case of an instrument in writing, the Warrant Agent shall give notice of the effect of the instrument in writing to all Warrantholders and the Corporation as soon as reasonably practicable. For greater certainty, a resolution or Extraordinary Resolution amending the terms of this Indenture or of a Warrant Certificate shall not be binding upon the Corporation unless the Corporation agrees in writing to such amendment.

Section 7.16 Holdings by Corporation Disregarded

In determining whether Warrantholders holding Warrant Certificates evidencing the entitlement to acquire the required number of Shares are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Corporation and not cancelled pursuant to Section 5.1 shall be disregarded.

ARTICLE 8 - SUPPLEMENTAL INDENTURES

Section 8.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Corporation (when authorized by action by the Directors) and the Warrant Agent may, without obtaining any approval of or consent from the holders of Warrants then outstanding, but subject to the provisions of this Indenture and subject to Exchange approval, and they shall, when so directed in accordance with the provisions hereof, 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) setting forth any adjustments resulting from the application of the provisions of Article 4;

(b) providing for the issuance of additional Warrants hereunder or an increase in the maximum number of Warrants issuable under this Indenture;

(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 determination of the Warrant Agent relying on an opinion of counsel prejudicial to the interests of the Warrantholders;

(d) giving effect to any Extraordinary Resolution passed as provided in Article 7;

(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 determination of the Warrant Agent relying on an opinion of counsel, prejudicial to the interests of the Warrantholders;

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

(g) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if, in the determination of the Warrant Agent relying on an opinion of counsel, such modification

or relief in no way prejudices any of the rights of the Warrantholders or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent 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, mistakes or omissions herein, provided that in the opinion of the Warrant Agent based on an opinion of counsel, the rights of the Warrant Agent and of the Warrantholders are in no way prejudiced thereby.

Section 8.2 Successor Corporation

In the case of the amalgamation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to a Successor Entity (a "**Successor Entity**"), in addition to any other requirements of this Indenture, the Successor Entity resulting from such amalgamation, merger or transfer (if not the Corporation) shall, as soon as reasonably practicable following such event, expressly assume, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation.

ARTICLE 9 - CONCERNING THE WARRANT AGENT

Section 9.1 Warrant 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 Corporation and Warrant Agent 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 benefits of Applicable Legislation.

Section 9.2 Rights and Duties of Warrant Agent

(1) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise that degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from liability for its own gross negligence, wilful misconduct or fraud.

(2) Subject to Section 9.2(1), the obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any obligations of the Corporation or any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice by the Warrant Agent, sufficient funds to commence or to continue such act, action or proceeding and an indemnity and funding reasonably satisfactory to the Warrant Agent to protect and to hold harmless the Warrant Agent 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 Warrant Agent to expend or to risk its own funds or otherwise to incur financial

liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

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

(4) Every provision of this Indenture that by its terms relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of this Section 9.2 and Section 9.3 and Applicable Legislation.

(5) No duty shall rest with the Warrant Agent to determine compliance of the transferor or transferee with applicable securities laws. The Warrant Agent shall be entitled to assume that all transfers are legal and proper.

(6) The Warrant Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation which complies with the terms of this Indenture, which documentation does not require the exercise of any discretion or independent judgment.

Section 9.3 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Corporation.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Warrant Agent pursuant to a request of the Warrant Agent.

(3) Whenever it is provided in this Indenture under Applicable Legislation or at the request of the Warrant Agent, acting reasonably, that the Corporation shall deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Warrant Agent take the action to be based thereon.

(4) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by the certificate of a notary public, or other officer with similar powers, that the person signing such instrument acknowledged to it the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate.

(5) The Warrant Agent may employ or retain such counsel, accountants, 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, payable by the Corporation in accordance with Section 5.3, and shall not be responsible for any

misconduct or negligence on the part of any such experts or advisers who have been appointed by the Warrant Agent.

(6) The Warrant Agent 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.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Corporation or by the Warrant Agent, in relation to any matter arising in the administration of the trusts hereof.

Section 9.4 Documents, Monies, etc. Held by Warrant Agent

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

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

Section 9.5 Actions by Warrant Agent to Protect Interest

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

Section 9.6 Warrant Agent Not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the rights and obligations of this Indenture or otherwise in respect of this Indenture.

Section 9.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to Warrant Agent it is expressly declared and agreed as follows:

(a) the Warrant Agent shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Warrant Certificates (except the representation contained in section 9.9 or in the certificate of the Warrant Agent on the Warrant Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;

(b) nothing herein contained shall impose any obligation on the Warrant Agent 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;

(c) the Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof;

(d) the Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the covenants herein contained or of any acts of any Directors, officers, employees, agents or servants of the Corporation;

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

(f) the Warrant Agent shall not be responsible for any failure of the Corporation to issue, transfer or deliver Shares or certificates representing Shares upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in Section 5.2; and

(g) In the event that any of the funds provided to the Warrant Agent hereunder are received by it in the form of an uncertified cheque or bank draft, the Warrant Agent shall be entitled to delay the time for release of such funds and the associated Warrant Shares until such uncertified cheque has cleared the financial institution upon which the same is drawn.

Section 9.8 Replacement of Warrant Agent; Successor by Merger

(1) Subject to Section 10.9, the Warrant Agent may resign and be discharged from all further duties and liabilities hereunder by giving to the Corporation not less than 60 days' prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Corporation may by giving the Warrant Agent not less than 90 days' prior notice in writing or such shorter prior notice as the Warrant Agent may accept as sufficient, remove the existing Warrant Agent and appoint a new warrant agent. The Warrantholders by Extraordinary Resolution shall have power at any time to remove the existing Warrant Agent and to appoint a new warrant agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new warrant agent unless a new warrant agent has already been appointed by the Warrantholders; failing such appointment by the Corporation, the retiring Warrant Agent or any Warrantholder may apply to a court of competent jurisdiction in the Province of Ontario for the appointment of a new warrant agent; but any new warrant agent so appointed by the Corporation or by the court shall be subject to

removal as aforesaid by the Warrantholders or the Corporation. Any new warrant agent appointed under any provision of this Section 9.8 shall be a corporation authorized to carry on the business of a trust company or transfer agent in the provinces of Ontario and, if required by Applicable Legislation for any other provinces, in such other provinces. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent hereunder; but there shall be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as may, in the opinion of counsel, be necessary or advisable for the purpose of assuring the same to the new warrant agent, provided that any resignation or removal of the Warrant Agent and appointment of a successor warrant agent shall not become effective until the successor warrant agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Corporation, the predecessor warrant agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor warrant agent an appropriate instrument transferring to such successor warrant agent all rights and powers of the Warrant Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Warrant Agent hereunder.

(2) Upon the appointment of a successor warrant agent, the Corporation shall promptly notify the Warrantholders thereof in the manner provided for in Section 10.2 hereof.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Warrant Agent shall be a party, or any corporation succeeding to the corporate trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as a successor warrant agent under Section 9.8(1).

(4) Any Warrant Certificates countersigned but not delivered by a predecessor warrant agent may be countersigned by the successor warrant agent in the name of the predecessor or successor warrant agent.

Section 9.9 Conflict of Interest

(1) The Warrant Agent represents to the Corporation that to the best of its knowledge at the time of execution and delivery hereof no material conflict of interest exists in its role as a warrant agent hereunder and agrees that in the event of a material conflict of interest arising hereafter it will, within 60 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its rights and obligations hereunder to a successor warrant agent approved by the Corporation and meeting the requirements set forth in subsection Section 9.8(1). Notwithstanding the foregoing provisions of this Section 9.9(1), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrant Certificate shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to Section 9.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

Section 9.10 Acceptance of Appointment

The Warrant Agent is appointed as warrant agent hereunder and hereby accepts the duties and obligations

in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

Section 9.11 Warrant Agent Not to be Appointed Receiver

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

Section 9.12 Authorization to Carry on Business

The Warrant Agent represents to the Corporation that as at the date of the execution and delivery of this Indenture, it is duly authorized and qualified to carry on the business of a transfer agent in the province of Ontario.

Section 9.13 Warrant Agent Not Required to Give Notice of Default

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

Section 9.14 Certificates of No Default

At any time if requested by the Warrant Agent, the Corporation shall deliver to the Warrant Agent an officers' certificate stating that the Corporation has complied to the best of its knowledge, in all material respects, with all covenants, conditions or other requirements contained in this Indenture. In the event that the Corporation has not complied, in all material respects, with all the covenants and conditions contained herein, it will advise the Warrant Agent and the Warrantholders of such default as soon as reasonably practicable, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance.

ARTICLE 10 - GENERAL

Section 10.1 Notice to the Corporation and the Warrant Agent

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered, sent by registered letter, postage prepaid or sent by facsimile:

If to the Corporation:

PyroGenesis Canada Inc.
1744 William Street, Suite 200
Montreal, Québec
H3J 1R4

Attention: P. Peter Pascali, President and Chief Executive Officer
Fax: (514) 937-5757
Email: ppascali@pyrogenesis.com

with a copy to:

Osler, Hoskin & Harcourt LLP
1000 De La Gauchetière Street West
Suite 2100
Montreal, Québec
H3B 4W5

Attention: Jeremy Brisset
Fax: (514) 904-8101
Email: jbrisset@osler.com

If to the Warrant Agent:

CST Trust Company
2001 University Street
Suite 1600
Montreal, Québec
H3A 2A6

Attention: Relationship Manager
Fax: (514) 285-8846
Email: jrigon@canstockta.com

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or, if sent by facsimile, on the next Business Day following the date of transmission provided that its contents are transmitted and received completely and accurately, or, if mailed, on the fifth Business Day following the date of the postmark on such notice.

(2) The Corporation or Warrant Agent, as the case may be, may from time to time notify the others in the manner provided in Section 10.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or Warrant Agent, as the case may be, for all purposes of this Indenture.

(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 Warrant Agent or Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed or, if it is delivered to such party at the appropriate address provided in Section 10.1(1), or sent by facsimile or other means of prepaid, transmitted and recorded communication.

Section 10.2 Notice to Warrantholders

(1) Any notice to the Warrantholders under the provisions of this Indenture shall be valid and effective if delivered or sent by facsimile or by ordinary post addressed to such holders at their

post office addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively given on the date of delivery or, if sent by facsimile, on the next Business Day following the date of transmission provided that its contents are transmitted and received completely and accurately, or, if mailed, on the third Business Day following the date of the postmark on such notice. Accidental error or omission in giving notice, or accidental failure to give notice to any Warrantholder, shall not invalidate any action or proceeding founded thereon.

(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 and in La Presse newspaper or, in the event of a disruption in the circulation of such newspapers, once in a daily newspaper in the English language of general circulation in Toronto, Ontario and once in a daily newspaper in the French language of general circulation in Montreal Québec; provided that, in the case of a notice convening a meeting of the Warrantholders, the Warrant Agent may require such additional publications of that notice, in the same or in other cities or both, as it may deem necessary for the reasonable protection of the Warrantholders 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).

(3) 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.

Section 10.3 Ownership of Warrants

The Corporation and Warrant Agent may deem and treat the Registered Holder of any Warrants as the absolute owner thereof for all purposes, and the Corporation and Warrant Agent shall not be affected by any notice or knowledge to the contrary except where the Corporation or Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction. A Warrantholder shall be entitled to the Warrants evidenced by its Warrant Certificate free from all equities or rights of set off or counterclaim between the Corporation and the original or any intermediate holder of such Warrants and all persons may act accordingly. The receipt of any such Warrantholder for the Shares which may be acquired pursuant thereto shall be a good discharge to the Corporation and Warrant Agent for the same and neither the Corporation nor Warrant Agent shall be bound to inquire into the title of any such holder except where the Corporation or Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction.

Section 10.4 Evidence of Ownership

(1) Upon receipt of a certificate of any bank, trust company or other depositary satisfactory to the Warrant Agent stating that the Warrants specified therein have been deposited by a named person with such bank, trust company or other depositary and will remain so deposited until the expiry of the period specified therein, the Corporation and the Warrant Agent may treat the person so named as the beneficial owner, and such certificate as sufficient evidence of the ownership by such person of such Warrant during such period, for the purpose of any requisition, direction, consent, instrument or other document to be made, signed or given by the holder of the Warrant so deposited.

(2) The Corporation and the Warrant Agent may accept as sufficient evidence of the fact and date of

the signing of any requisition, direction, consent, instrument or other document by any person (a) the signature of any officer of any bank, trust corporation, or other depositary satisfactory to the Warrant Agent as witness of such execution, (b) the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded at the place where such certificate is made that the person signing acknowledged to him the execution thereof, (c) a statutory declaration of a witness of such execution, or (d) any other documentation satisfactory to the Corporation and the Warrant Agent.

Section 10.5 Indemnity

In addition to and without derogation to any other protection afforded to the Warrant Agent hereunder or otherwise, the Corporation indemnifies, defends and saves harmless the Warrant Agent and its respective officers, directors, employees, agents, representatives, successors and assigns (collectively, "**Representatives**") from and against any and all liabilities, losses, claims, damages, penalties, fines, actions, suits, demands, levies, assessments, costs, charges, expenses and disbursements (including, without limitation, any and all legal and advisor fees and disbursements) of whatever kind or nature which may at any time be suffered by, imposed upon, incurred by or asserted against the Warrant Agent and its Representatives, whether groundless or otherwise, howsoever arising from or out of any act, omission or error of the Warrant Agent made in connection with its acting as Warrant Agent hereunder provided the Warrant Agent complies with Section 9.2(1). Notwithstanding any other provision hereof, the obligations provided for in this Section 10.5 shall survive any termination of the appointment hereunder, whether by reason or removal or resignation of the Warrant Agent, termination or discharge of this Indenture or otherwise. In the absence of gross negligence or intentional misconduct on its part, the Warrant Agent shall not be liable for any action taken, suffered, or omitted by it or for any error of judgement made by it in the performance of its duties under this Agreement. In no event will the Warrant Agent be liable for special, indirect, consequential or punitive loss or damages of any kind whatsoever (including but not limited to lost profits), even if the Warrant Agent has been advised of the possibility of such damages. Any liability of the Warrant Agent will be limited in the aggregate to an amount equal to twelve (12) times the monthly fee paid by the Corporation.

Section 10.6 Satisfaction and Discharge of Indenture

Upon the earlier of (a) the date by which there shall have been delivered to the Warrant Agent for exercise or destruction in accordance with the provisions hereof of all Warrants theretofore certified hereunder or (b) the Time of Expiry, this Indenture, except to the extent that Warrant Shares and certificates therefor have not been issued and delivered hereunder or the Corporation has not performed any of its obligations hereunder, shall cease to be of further effect; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Corporation's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Corporation against the Warrant Agent.

Section 10.7 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this Indenture or in the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Warrantholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

Section 10.8 Warrants Owned by the Corporation - Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Corporation in Section 7.16, the Corporation shall provide to the Warrant Agent, from time to time, a certificate of the Corporation setting forth as at the date of such certificate:

(a) the names (other than the name of the Corporation) of the Registered Holders of Warrants which, to the knowledge of the Corporation, are owned by or held for the account of the Corporation; and

(b) the number of Warrants owned legally or beneficially by the Corporation which have not been cancelled pursuant to Section 5.1;

and the Warrant Agent, in making the computations in Section 7.16, shall be entitled to rely on such certificate without any additional evidence.

Section 10.9 Anti-Money Laundering and Terrorist Financing

The Corporation hereby represents to the Warrant Agent that any account to be opened by, or interest to held by, the Warrant Agent in connection with this Indenture, for or to the credit of the Corporation is not intended to be used by or on behalf of any third party.

The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then, notwithstanding the provisions of Section 9.8, the Warrant Agent shall have the right to resign on ten days' written notice to the Corporation, provided (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such ten-day period, then such resignation shall not be effective.

Section 10.10 Privacy

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 Indenture. Despite any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Warrant Agent, 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 Warrant Agent shall use commercially-reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Warrant Agent 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 Indenture and not to use it for any other purpose except with the consent of or direction from the corporation 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.

Section 10.11 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

Section 10.12 Assignment, Successors and Assigns

Neither of the parties hereto may assign its rights or interest under this Indenture, except as provided in section 9.8 in the case of the Warrant Agent, or as provided in Section 8.2 in the case of the Corporation. Subject thereto, this Indenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

Section 10.13 Counterparts

This Indenture may be executed in 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 they shall be deemed to be dated as of the date hereof.

[The remainder of the page has been intentionally left blank]

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

PYROGENESIS CANADA INC.

By: *(signed) P. Peter Pascali*
Name: P. Peter Pascali
Title: Chief Executive Officer

CST TRUST COMPANY

By: *(signed) Jeannine Rigon*
Name: Jeannine Rigon
Title: Authorized Signatory

By: *(signed) Monica Bynoe*
Name: Monica Bynoe
Title: Authorized Signatory

SCHEDULE "A"
FORM OF ACCELERATION NOTICE

TO: Holders of Warrants of PyroGenesis Canada Inc. (the "**Corporation**") issued on May 22, 2014

AND TO: CST Trust Company (the "**Warrant Agent**")

as registrar and transfer agent for the warrants of the Corporation issued on May 22, 2014 (the "**Warrants**") and the common shares of the Corporation (the "**Common Shares**") issuable upon exercise of the Warrants.

On behalf of the Corporation, please be advised that on ●, the Common Shares closed at a price of at least $1.20 on the TSX Venture Exchange for the 20th consecutive trading day, constituting the "Early Expiry Event" referred to in the indenture between the Warrant Agent and the Corporation dated May 22, 2014 (the "**Indenture**"). Accordingly, the Corporation hereby provides notice to all holders of Warrants that all outstanding Warrants will expire at 5:00 p.m. (Toronto time) on ●, such day being the day that is 20 days following the date this Acceleration Notice is deemed to be delivered in accordance with the Indenture.

In order to exercise the Warrants:

1. If your Warrants are represented by a certificate in your possession, deliver the warrant certificate (the "**Warrant Certificate**") representing the Warrants to be exercised, a duly completed and executed exercise form in the form attached to the Warrant Certificate and a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Corporation in an amount equal to the product obtained by multiplying $0.85 by the number of Common Shares subscribed for, to the offices of the Warrant Agent at 2001 University Street, Suite 1600, Montreal, QC H3A 2A6 and in accordance with the instructions in the Warrant Certificate; or

2. If you are a beneficial holder of Warrants and your Warrants are held by a brokerage or other intermediary on your behalf, instruct the intermediary to deliver a written notice of your intention to exercise the Warrants to the depository holding the Warrants, in accordance with the terms of the Warrant Indenture, and arrange for payment by the intermediary to the depository in an amount equal to the product obtained by multiplying $0.85 by the number of Common Shares subscribed for, upon receipt of which the depository will exercise the Warrants and deliver the Common Shares to you in accordance with its and the Warrant Agent's applicable procedures and the terms of the Warrant Indenture.

SCHEDULE "B"
FORM OF WARRANT CERTIFICATE

For all Warrants include the following legend until such time as it is no longer required in accordance with applicable Canadian securities laws and TSX Venture Exchange policies:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE SEPTEMBER 23, 2014."

[Insert if applicable] "WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL SEPTEMBER 23, 2014."

[Insert for Global Security] "UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO PYROGENESIS CANADA INC. (THE "ISSUER") OR THE WARRANT AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS AN INTEREST HEREIN. THIS CERTIFICATE IS ISSUED PURSUANT TO A MASTER LETTER OF REPRESENTATION OF THE ISSUER TO CDS, AS SUCH LETTER MAY BE REPLACED OR AMENDED FROM TIME TO TIME."

For Warrants sold in the United States, also include the following legends:

"THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF PYROGENESIS CANADA INC. (THE "COMPANY") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) IN COMPLIANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, (C) IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (D) IN COMPLIANCE WITH RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (E) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND IN THE CASE OF (D) OR (E) ABOVE THE SELLER FURNISHES TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

"THESE WARRANTS MAY NOT BE EXERCISED BY OR FOR THE ACCOUNT OR BENEFIT OF A "U.S. PERSON" OR A PERSON IN THE UNITED STATES UNLESS THE WARRANTS AND THE UNDERLYING SECURITIES 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."

WARRANT CERTIFICATE

To acquire Common Shares of

PYROGENESIS CANADA INC.
(Formed under the federal Laws of Canada)

No. W - ●
CUSIP: 74734T120
ISIN: CA74734T1205

●
WARRANTS entitling the Holder (as defined below) to acquire, subject to adjustment, one Common Share of PyroGenesis Canada Inc. (the "**Corporation**") for each Warrant (as defined below) represented hereby.

THIS WARRANT CERTIFICATE IS TO CERTIFY that, for value received,

●
(herein referred to as the "**Holder**")

is the registered holder of the number of common share purchase warrants of the Corporation (the "**Warrants**") stated above and, subject to adjustment as set forth in the Warrant Indenture (as defined below) and the Acceleration Right (as defined below), is entitled to purchase one common share of the Corporation (a "**Warrant Share**") at a price of $0.85 (the "**Exercise Price**") at any time prior to 5:00 p.m. (Montreal time) (the "**Time of Expiry**") on November 22, 2015 (the "**Expiry Date**"), all in the manner and subject to the restrictions and adjustments set forth in the Warrant Indenture (as defined below).

For the purpose of this Warrant Certificate and the Warrant Indenture, "Acceleration Right" means the right of the Corporation to, within 20 days of the first time the Shares have a closing price on the Exchange equal to or greater than $1.20 for a period of 20 consecutive Trading Days after four months and one day after the Issue Date, accelerate the Expiry Date to a date that is not less than 20 days following delivery of the Acceleration Notice to the Holder.

Any capitalized term in this Warrant Certificate that is not otherwise defined herein, shall have the meaning ascribed thereto in the Warrant Indenture.

The Warrants represented by this Warrant Certificate are issued or issuable in fully registrable form only under the provisions of the warrant indenture (which warrant indenture together with all other instruments ancillary thereto is referred to herein as the "**Warrant Indenture**") dated as of May 22, 2014 between the Corporation and CST Trust Company (the "**Warrant Agent**"). Reference is hereby made to the Warrant Indenture for a full description of the rights of the holders of the Warrants, the Corporation and the Warrant Agent in respect thereof, and the terms and conditions upon which the Warrants evidenced hereby are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth. By acceptance of this Warrant Certificate, the Holder assents to all provisions of the Warrant Indenture. To the extent that the terms and conditions set forth in this Warrant Certificate conflict with the terms and conditions of the Warrant Indenture, the Warrant Indenture shall prevail. The Corporation will furnish to the Holder, upon request and without charge, a copy of the Warrant Indenture.

In the event that prior to the Time of Expiry, the Holder has not exercised the Warrants represented hereby in accordance with the terms of the Warrant Indenture, then any Warrants represented by this Warrant Certificate which have not been so exercised shall be deemed to have expired and shall be of no further force and effect as of the Time of Expiry.

Upon exercise, the Warrants so exercised shall be void and of no value or effect.

Certificates representing the Warrant Shares issuable upon exercise of the Warrants (reflecting any adjustments as provided herein and in the Warrant Indenture) shall, within three Business Days after the Exercise Date, be mailed by the Warrant Agent to the address of the Holder thereof last appearing on the register of Holders maintained by the Warrant Agent.

The right to acquire the Warrant Shares may only be exercised by the Holder within the time set forth above by:

(a) duly completing and executing the Exercise Form attached hereto; and

(b) surrendering this Warrant Certificate to the Warrant Agent at the principal transfer office of the Warrant Agent in Montreal, Québec, together with a certified cheque, bank draft or money order in lawful money of Canada, payable to the order of the Corporation equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for.

The Warrants represented by this Warrant Certificate shall be deemed to be surrendered only upon personal delivery hereof or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office referred to above.

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

The Warrant Indenture provides for adjustments to certain rights of Holders, including the number of Warrant Shares issuable upon exercise of the Warrants, upon subdivision, consolidation or reclassification of the Common Shares or any reclassification, capital reorganization, amalgamation or merger of the Corporation and certain distributions of securities, including rights, options or warrants to purchase Common Shares or securities convertible or exchangeable into Common Shares or assets of the Corporation. The Holder should refer to the Warrant Indenture which provides for adjustments in certain other events.

The terms and conditions relating to the Warrants and this Warrant Certificate may be modified, changed or added to in accordance with the provisions of the Warrant Indenture. The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the holders entitled to acquire a specified percentage of the Warrant Shares which may be acquired pursuant to the exercise of all of the then outstanding Warrants.

The holding of the Warrants evidenced by this Warrant Certificate shall not constitute, or be construed as conferring upon the Holder, any right or interest whatsoever as a shareholder of the Corporation except such rights as may be provided in the Warrant Indenture or in this Warrant Certificate.

The Holder may, upon compliance with the reasonable requirements of the Warrant Agent and upon surrender of this Warrant Certificate, exchange this Warrant Certificate for another warrant certificate or warrant certificates entitling the Holder thereof to receive, in the aggregate, the same number of Warrants as are issuable under this Warrant Certificate.

The Warrants evidenced by this Warrant Certificate may only be transferred in accordance with applicable securities laws and upon due execution and delivery to the Warrant Agent of a transfer form in the form attached hereto and in compliance with all the conditions prescribed in the Warrant Indenture and compliance with such other reasonable requirements as the Warrant Agent may prescribe.

The Warrants evidenced by this Warrant Certificate and the Warrant Shares to be issued upon the exercise of such Warrants have not been and will not be 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. These Warrants may not be exercised within the United States or by, or for the benefit of, a U.S. Person (as defined by Regulation S under the U.S. Securities Act) or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available and the holder hereof delivers the written certifications, opinions and/or exercise forms set forth in the Warrant Indenture and satisfactory to the Corporation. Warrant Certificate and the Warrant Shares permitted to be exercised within the United States or by, or for the benefit of, a U.S. Person or a person within the United States in accordance with this paragraph, if any, shall also contain such legends restricting the transfer of such securities as required by the Corporation and/or under applicable U.S. federal and state securities laws.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent under the Warrant Indenture.

The Holder expressly acknowledges having requested, and consents to, the drawing in the English language only of this Warrant Certificate evidencing the Warrants registered in his name and all documents relating to such Warrants. *Le détenteur inscrit du présent certificat de bons de souscription reconnaît expressément avoir demandé et consenti que le présent certificat attestant qu'il est le détenteur inscrit de bons de souscription, ainsi que tous les documents s'y rapportant, soient rédigés en anglais seulement.*

Time shall be of the essence hereof.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer as of the ● day of ●, 2014.

PYROGENESIS CANADA INC.

By: _____
Name
Title: Authorized Signing Officer

This Warrant Certificate represents Warrants referred to in the Warrant Indenture within mentioned.

Countersigned by:

CST TRUST COMPANY

By: _____
Name
Title: Authorized Signing Officer

Certification Date:_____

TRANSFER FORM

ANY TRANSFER OF WARRANTS WILL REQUIRE COMPLIANCE WITH APPLICABLE SECURITIES LEGISLATION. TRANSFERORS AND TRANSFEREES ARE URGED TO CONTACT LEGAL COUNSEL BEFORE EFFECTING ANY SUCH TRANSFER.

TO: PyroGenesis Canada Inc.
c/o CST Trust Company
2001 University Street, Suite 1600
Montreal, QC, H3A 2A6

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

_____
(name)

_____
(address)

_____ of the Warrants registered in the name of the undersigned represented by the within warrant certificate and hereby appoints _____ as its attorney with full power of substitution to transfer the said Warrants on the appropriate register of the Warrant Agent.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the U.S. Securities Act) or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, 20___.

Signature Guaranteed	Name of Warrantholder
Name of Authorized Representative	Signature of Warrantholder or Authorized Representative
Title or Capacity of Authorized Representative	Daytime Phone Number of Warrantholder or Authorized Representative

Instructions:

The signature of the Holder must be the signature of the registered holder appearing on the face of this Warrant Certificate.

If this transfer 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 warrant certificate must be accompanied by evidence of authority to sign satisfactory to the Warrant Agent and the Corporation, acting reasonably.

The signature on this transfer form must be guaranteed by a Schedule 1 Canadian chartered bank, medallion guaranteed by a recognized medallion signature guarantee program or in any other manner satisfactory to the Warrant Agent. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature guarantees are not accepted from treasury branches or credit unions unless they are members of the Stamp Medallion Program. In the United States, signature guarantees must be done by members of the "Medallion Signature Guarantee Program" only.

EXERCISE FORM

TO: PyroGenesis Canada Inc.
c/o CST Trust Company
2001 University Street, Suite 1600
Montreal, QC, H3A 2A6

The undersigned holder of the within Warrants hereby irrevocably subscribes for _____ Warrant Shares of PyroGenesis Canada Inc. on the terms and conditions set forth in the attached Warrant Certificate and the Warrant Indenture.

Any capitalized term in this Warrant Certificate that is not otherwise defined herein, shall have the meaning ascribed thereto in the Warrant Indenture.

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

☐ A. The undersigned holder at the time of exercise of the Warrant (i) is not in the United States, (ii) is not a U.S. Person, (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States, and (iv) did not execute or deliver the exercise form for such securities in the United States; or

☐ B. The undersigned holder is delivering a written opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available for the issuance of the Subject Securities.

Notes: (1) If Box A is checked the Subject Securities will not be delivered to an address in the United States.

(2) If Box B above is checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with the exercise will be satisfactory in form and substance to the Corporation.

The undersigned holder understands that unless Box A above is checked, the certificate representing the Subject Securities issued upon exercise of this Warrant will 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.

The undersigned hereby directs that the said Warrant Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF WARRANT SHARES

(Please print.)

DATED this _____ day of _____, 20__.

Signature Guaranteed*	Name of Warrantholder
Name of Authorized Representative	Signature of Warrantholder or Authorized Representative
Title or Capacity of Authorized Representative	Daytime Phone Number of Warrantholder or Authorized Representative

☐ Please check this box if the securities are to be picked up at the office where the Warrant Certificate is surrendered, failing which the securities will be mailed to the address shown on the register.

Instructions:

The signature of the Holder must be the signature of the registered Holder appearing on the face of this Warrant Certificate.

If this 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 warrant certificate must be accompanied by evidence of authority to sign satisfactory to the Warrant Agent and the Corporation, acting reasonably.

*If the Warrant Shares are to be issued to a person other than to the registered Holder, then the signature on this Exercise Form must be guaranteed by a Schedule 1 Canadian chartered bank, medallion guaranteed by a recognized medallion signature guarantee program or in any other manner satisfactory to the Warrant Agent. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature guarantees are not accepted from Treasury Branches or credit unions unless they are members of the Stamp Medallion Program. In the United States, signature guarantees must be done by members of the "Medallion Signature Guarantee Program" only.

If securities are to be issued to a person other than the registered Holder, the transfer form must be completed and the Holder must pay or cause to be paid to the Corporation or the Warrant Agent all applicable transfer or similar taxes, if any, and the Corporation shall not be required to issue or deliver certificates evidencing the Warrant Shares and Warrants unless and until such Holder shall have paid to the Corporation or the Warrant Agent the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.