

# **GEMCO MINERALS INC.**

## **SUBSCRIPTION AGREEMENT**

### **INSTRUCTIONS TO PURCHASER**

1. Complete all the information in the boxes on page 1 and sign where indicated with an "X".
2. If you are resident in **BRITISH COLUMBIA, ALBERTA** or a jurisdiction outside of Canada (other than the United States), complete and sign either the:
  - (a) Accredited Investor Questionnaire that starts on page 19; or
  - (b) Family, Friend or Business Associate Questionnaire that starts on page 21.
3. If you are resident in **ONTARIO**, complete and sign the Accredited Investor Questionnaire that starts on page 19.
4. If you are a **NOT A NATURAL PERSON** (i.e. a corporation, partnership, trust or portfolio manager) complete and sign the Corporate Placee Registration Form that starts on page 24.
5. If you are a **U.S. PERSON** please contact the Issuer.

**This is page 1 of 24 pages of a subscription and related questionnaires, certificates, schedules and forms. Collectively, these pages together are referred to as the "Subscription".**

## PRIVATE PLACEMENT SUBSCRIPTION

TO: **Gemco Minerals Inc.** (the "Issuer"), of Langley, British Columbia, Canada, a public company trading on the OTCBB exchange under the symbol "GMML".

Subject and pursuant to the terms set out in the Terms on pages 2 to 3, the General Provisions on pages 5 to 12 and the other questionnaires, certificates, schedules and forms incorporated by reference, the Purchaser hereby irrevocably subscribes for, and on Closing will purchase from the Issuer, the following securities at the following price:

\_\_\_\_\_ Units, at a price of \$2,875.00 Cdn (\$2,500.00 USD) per one Unit of the Issuer.

For a total subscription price of \$\_\_\_\_\_

The Purchaser owns, directly or indirectly, the following securities of the Issuer: \_\_\_\_\_

The Purchaser directs the Issuer to issue, register and deliver the certificates representing the Purchased Securities exactly as follows:

REGISTRATION INSTRUCTIONS:	DELIVERY INSTRUCTIONS:
_____ Name to appear on certificate	_____ Name and account reference, if applicable
_____ Account reference, if applicable	_____ Contact name
_____ Address	_____ Address
_____	_____ Telephone number

EXECUTED by the Purchaser this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

### EXECUTION BY PURCHASER:

X _____ Signature of individual (if Purchaser is a natural person)	_____ Address of Purchaser (residence if a natural person)
X _____ Authorized signatory (if Purchaser is <b>not</b> a natural person)	_____
_____ Name of Purchaser ( <b>please print</b> )	_____ Telephone Number of Purchaser
_____ Name of authorized signatory ( <b>please print</b> )	_____ Social Insurance Number

ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

### GEMCO MINERALS INC.

Per:

\_\_\_\_\_  
Authorized signatory

By signing this acceptance, the Issuer agrees to be bound by the Terms on pages 2 to 3, the General Provisions on pages 5 to 12 and the other questionnaires, certificates, schedules and forms incorporated by reference.

## TERMS

**Reference date of this Subscription** June 15, 2006 (the "Subscription Date").

### The Offering

**The Issuer** Gemco Minerals Inc.

**Offering** The offering consists of a maximum of 200 security units (the "Units"), for gross proceeds of \$575,000 CDN (\$500,000 USD).

**Purchased Securities** Each Unit consists of 10,000 common shares, comprised of 7,000 "flow-through" common shares (each a "Flow-Through Common Share") and 3,000 "non-flow-through" common shares (each a "Common Share") in the capital stock of the Issuer.

Each Unit has attached 10,000 warrants, with each warrant convertible into one non-flow-through common share, exercisable at a price of \$0.50 USD per share. Each warrant is exercisable within two years, with an expedited exercise provision stating that if, for thirty consecutive trading days, the closing price of the listed shares of the Company exceeds \$0.50 USD then the exercise period of the warrants will be condensed to a period of sixty days.

**Price** 200 Units at a price of \$2,875.00 CDN (\$2,500 USD) per Unit  
{2,000,000 Shares at - \$0.2875 CDN (\$0.2500 USD) per Share}

**Additional provisions** The Shares will be issued and registered in the name of the purchasers or their nominees.

The issue of the Shares will not restrict or prevent the Issuer from obtaining any other financing, or from issuing additional securities or rights.

**Selling Jurisdictions** The Shares may be sold in British Columbia, Yukon, Alberta and Ontario and in such jurisdictions outside of Canada which are determined by the Issuer in accordance with available exemptions (the "Selling Jurisdictions").

**Exemptions** The offering will be made in accordance with the following exemptions from the prospectus requirements:

- (a) the accredited investor exemption under Multilateral Instrument 45-103 (the "Instrument");
- (b) the family, friend or business associate exemption under the Instrument;
- (c) in Ontario, the "accredited investor" exemption under Rule 45-501 of the Ontario Securities Commission; and
- (d) such other exemptions as are described herein or are otherwise available.

**Closing Date** Closing of this Offering is scheduled to occur on December 31, 2006 as the final closing, or such date as may be determined at the discretion of the Issuer.

**Additional definitions** In this Subscription, the following words have the following meanings unless otherwise indicated:

- (a) "Purchased Securities" means the shares purchased under this Subscription; and
- (b) "Securities" means the Shares of the Issuer.

**Legends**

The Purchaser acknowledges that the certificates representing the Securities will bear legends substantially as follows:

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT WITH RESPECT TO THE SHARES OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SAID ACT THAT IS THEN APPLICABLE TO THE SHARES, AS TO WHICH A PRIOR OPINION OF COUNSEL MAY BE REQUIRED BY THE ISSUER OR TRANSFER AGENT.”

The Issuer agrees that the Securities will bear no legends other than that set out above.

**Resale restrictions**

The Issuer is currently a reporting issuer with the U.S. Securities and Exchange Commission (SEC) and is an EDGAR filer. The Issuer is not a reporting issuer in any province of Canada and will not become a reporting issuer upon completion of this offering

The certificates for the shares purchased in the offering will bear a legend stating the securities are “restricted securities” as defined above and may only be publicly offered and sold pursuant to an effective registration statement filed with the SEC, as outlined below, or pursuant to an exemption from the registration requirements. Generally the exemption from the registration requirements are in accordance with Regulation S and public offer and sale would be pursuant to SEC Rule 144.

**The restrictions under Rule 144 will apply until the registration statement described below is declared effective by the SEC, and will not be eligible for free trading for a minimum of 4 months.**

Purchasers are advised to consult with their own legal counsel or advisors to determine the resale restrictions that may be applicable to them.

**Registration of the Securities**

Within sixty days of the final closing date of the offering period the company shall file a registration statement with the U.S. Securities and Exchange Commission (SEC) which includes the initial shares subscribed and issued in this offering and identifies the purchaser as a selling security holder. As and when the registration statement is declared effective by the SEC, the investors herein may publicly offer and sell the shares without restriction.

**The Issuer****Jurisdiction of organization**

The Issuer is incorporated under the laws of the State of Florida, and extra-provincially registered in the province of British Columbia, Canada

**“Securities Legislation Applicable to the Issuer”**

The *Securities Act* (British Columbia) and the *Securities Act* (Ontario).

**END OF TERMS**

## GENERAL PROVISIONS

### 1. DEFINITIONS

1.1 In the Subscription (including the first (cover) page, the Terms on pages 2 to 3, the General Provisions on pages 5 to 12 and the other questionnaires, certificates, schedules and forms incorporated by reference), the following words have the following meanings unless otherwise indicated:

- (a) "Accredited Investor" means a person who has completed the Accredited Investor Questionnaire starting on page 19 and is one of the following
  - (i) a Canadian financial institution, or an authorized foreign bank listed in Schedule III of the *Bank Act* (Canada),
  - (ii) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada),
  - (iii) an association under the *Cooperative Credit Associations Act* (Canada) located in Canada,
  - (iv) a subsidiary of any person or company referred to in paragraphs (i) to (iii), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,
  - (v) a person or company registered under the Securities Legislation Applicable to the Issuer, or under the securities legislation of another jurisdiction of Canada, as an adviser or dealer, other than a limited market dealer registered under the *Securities Act* (Ontario),
  - (vi) a natural person registered or formerly registered under the Securities Legislation Applicable to the Issuer, or under the securities legislation of another jurisdiction of Canada, as a representative of a person or company referred to in paragraph (v),
  - (vii) the government of Canada or a province, or any crown corporation or agency of the government of Canada or a province,
  - (viii) a Canadian municipality or any Canadian provincial or territorial capital city,
  - (ix) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
  - (x) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission or similar regulatory authority,
  - (xi) a registered charity under the *Income Tax Act* (Canada),
  - (xii) a natural person who, either alone or jointly with a spouse, beneficially owns, directly or indirectly, Financial Assets having an aggregate realizable value that before taxes, but net of any Related Liabilities, exceeds \$1,000,000,
  - (xiii) a natural person whose net income before taxes exceeded \$200,000 in each of the two most recent years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent years and who, in either case, reasonably expects to exceed that net income level in the current year,

- (xiv) a corporation, limited partnership, limited liability partnership, trust or estate, other than a mutual fund or non-redeemable investment fund, that had net assets of at least \$5,000,000 as shown on its most recently prepared financial statements,
  - (xv) a mutual fund or non-redeemable investment fund that, in the local jurisdiction, distributes its securities only to persons or companies that are accredited investors,
  - (xvi) a mutual fund or non-redeemable investment fund that, in the local jurisdiction, distributes its securities under a prospectus for which the regulator has issued a receipt,
  - (xvii) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (i) through (v) and paragraph (x) in form and function, or
  - (xviii) a person or company in respect of which all of the owners of interests, direct or indirect, legal or beneficial, are persons that are accredited investors;
- (b) "Affiliate" means another issuer which is
- (i) a parent or subsidiary of the Issuer, or
  - (ii) an issuer which is controlled by the same persons as the Issuer;
- (c) "Applicable Legislation" means the Securities Legislation Applicable to the Issuer (as defined on page 3) and all legislation incorporated in the definition of this term in other parts of this Subscription, together with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by the Commissions;
- (e) CEE" means Canadian Exploration Expenses as defined in the Act excluding the amount of any assistance described in subsection 66(12.6)(a) of the Act in respect of the exploration activities to which the CEE relates
- (f) "Closing" means the completion of the sale and purchase of the Purchased Securities;
- (g) "Closing Date" has the meaning assigned in the Terms;
- (g) "Commissions" means all securities commissions incorporated in the definition of this term in other parts of the Subscription;
- (h) "Family, Friend or Business Associate" means a person who has completed the Family, Friend or Business Associate Questionnaire starting on page 21 and is one of the following:
- (i) a director, senior officer or control person of the Issuer, or of an Affiliate of the Issuer,
  - (ii) a spouse, parent, grandparent, brother, sister, or child of a director, senior officer or control person of the Issuer or of an Affiliate of the Issuer,
  - (iii) a close personal of a director, senior officer or control person of the Issuer or of an Affiliate of the Issuer,
  - (iv) a close business associate of a director, senior officer or control person of the Issuer or of an Affiliate of the Issuer, or

- (v) a person or company that is wholly-owned by any combination of the persons or company's described in paragraphs (i) to (iv);
- (i) "Final Closing" means the last closing under the Private Placement;
- (j) "Financial Assets" means cash and securities;
- (k) "General Provisions" means those portions of the Subscription headed "General Provisions" and contained on page 5 to 12;
- (l) "Private Placement" means the offering of the Purchased Securities on the terms and conditions of this Subscription;
- (m) "Purchased Securities" has the meaning assigned in the Terms;
- (n) "Regulatory Authorities" means the Commissions;
- (o) "Related Liabilities" means
  - (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of Financial Assets, or
  - (ii) liabilities that are secured by Financial Assets;
- (p) "Renunciation" means the effective renunciation by the Issuer to the Subscriber of Resource Expenditures in the form and manner contemplated by the Act with the effect that the Subscriber is deemed to have incurred the Resource Expenditures for purposes of the Act;
- (q) "Renunciation Amount" means an amount equal to the Purchase Price set out on the cover page of this agreement in respect to the Shares which is to be incurred on Resource Expenditures and renounced by the Issuer to the Subscriber, with an effective date of December 31, 2006 in respect to the Shares on or before the Renunciation Date;
- (r) "Renunciation Date" means that date falling on or before December 31, 2006, on which the Issuer will renounce in prescribed form, with an effective date of December 31, 2006, the Resource Expenditures required to be incurred by it pursuant to this agreement, in favour of the Subscriber;
- (s) "Resource Expenditures" means expenses that qualify as CEE incurred by the Issuer;
- (t) "Securities" has the meaning assigned in the Terms;
- (u) "Securities Legislation Applicable to the Issuer" has the meaning assigned in the Terms;
- (v) "SEC Rule 144" is the U.S. Securities and Exchange Commission exemption from registration which requires a one year holding period from the date of payment for the securities, requires that the sales be made only in market transactions executed by a broker-dealer and limits the amount of securities that may be sold in any ninety day period to one percent (1%) of the outstanding securities. After two years, the restrictive legend may be removed from certificates held by non-affiliates of the Company.
- (w) "Share" means a common share of the company and a share that qualifies as a "flow-through share" under subsection 66(15) of the Act and, in particular, does not include a share that is a "prescribed share" for the purposes of the definition of "flow-through share" in subsection 66(15) of the Act;

- (x) "Subscription" means the first (cover) page, the Terms on pages 2 to 3, the General Provisions on pages 5 to 12 and the other questionnaires, certificates, schedules and forms incorporated by reference;
- (y) "Terms" means those portions of this Subscription headed "Terms" and contained on page 2 to 3; and
- (z) "US Person" has the meaning defined in Regulation S promulgated under the United States *Securities Act of 1933*.

1.2 In this Subscription all references to currency unless otherwise stated are in Canadian Dollars.

1.3 In this Subscription, other words and phrases that are capitalized have the meaning assigned in the Subscription.

## **2. REPRESENTATIONS AND WARRANTIES OF PURCHASER**

### **2.1 Acknowledgements concerning offering**

The Purchaser acknowledges that:

- (a) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;
- (b) there is no government or other insurance covering the Securities;
- (c) there are risks associated with the purchase of the Securities;
- (d) there are restrictions on the Purchaser's ability to resell the Securities and it is the responsibility of the Purchaser to find out what those restrictions are and to comply with them before selling the Securities; and
- (e) the Issuer has advised the Purchaser that the Issuer is relying on an exemption from the requirements to provide the Purchaser with a prospectus and to sell securities through a person registered to sell securities under the Applicable Legislation and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Legislation, including statutory rights of rescission or damages, will not be available to the Purchaser.

### **2.2 Representations by all Purchasers**

The Purchaser represents and warrants to the Issuer, with the intent that the Issuer will rely thereon in taking up and accepting this Subscription, that, as at the Subscription Date and at the Closing:

- (a) no prospectus has been filed by the Issuer with the Commissions in connection with the issuance of the Purchased Securities, the issuance is exempted from the prospectus and registration requirements of the Applicable Legislation, and
  - (i) the Purchaser is restricted from using most of the civil remedies available under the Applicable Legislation,
  - (ii) the Purchaser may not receive information that would otherwise be required to be provided to the Purchaser under the Applicable Legislation, and
  - (iii) the Issuer is relieved from certain obligations that would otherwise apply under the Applicable Legislation;

- (b) to the best of the Purchaser's knowledge, the Securities were not advertised and the Purchaser has not become aware of any advertisement in printed media of general and regular paid circulation, radio or television with respect to the distribution of the Shares;
- (c) no person has made to the Purchaser any written or oral representations
  - (i) that any person will resell or repurchase the Securities,
  - (ii) that any person will refund the purchase price of the Purchased Securities, or
  - (iii) as to the future price or value of any of the Securities;
- (d) the Purchaser is at arm's length (as that term is customarily defined) with the Issuer;
- (e) the Purchaser (or others for whom it is contracting hereunder) has been advised to consult its own legal and tax advisors with respect to applicable resale restrictions and tax considerations, and it (or others for whom it is contracting hereunder) is solely responsible for compliance with applicable resale restrictions and applicable tax legislation;
- (f) the Purchaser has no knowledge of a "material fact" or "material change" (as those terms are defined in the Applicable Legislation) in the affairs of the Issuer that has not been generally disclosed to the public, save knowledge of this particular transaction;
- (g) the offer made by this Subscription is irrevocable (subject to the Purchaser's right to withdraw the Subscription and to terminate the obligations as set out in this Agreement) and requires acceptance by the Issuer;
- (h) the Purchaser has the legal capacity and competence to enter into and execute this Subscription and to take all actions required pursuant to the Subscription and, if the Purchaser is a corporation it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been given to authorize execution of this Subscription on behalf of the Purchaser;
- (i) the entering into of this Subscription and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Purchaser or of any agreement, written or oral, to which the Purchaser may be a party or by which the Purchaser is or may be bound;
- (j) this Subscription has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against the Purchaser;
- (k) the Purchaser has been independently advised as to the applicable hold period imposed in respect of the Securities by securities legislation in the jurisdiction in which the Purchaser resides and confirms that no representation has been made respecting the applicable hold periods for the Securities and is aware of the risks and other characteristics of the Securities and of the fact that the Purchaser may not be able to resell the Securities except in accordance with the applicable securities legislation and regulatory policies;
- (l) the Purchaser, and any beneficial purchaser for whom the Purchaser is acting, is resident in the province or jurisdiction set out on the first (cover) page of this Agreement;
- (m) the Purchaser is capable of assessing the proposed investment as a result of the Purchaser's financial and business experience or as a result of advice received from a registered person other than the Issuer or any affiliates of the Issuer; and

- (n) if required by applicable securities legislation, policy or order or by any securities commission, stock exchange or other regulatory authority, the Purchaser will execute, deliver, file and otherwise assist the Issuer in filing, such reports, undertakings and other documents with respect to the issue of the Securities as may be required.

## **2.4 Reliance, indemnity and notification of changes**

The representations and warranties in this Subscription (including the first (cover) page, the Terms on pages 2 to 3, the General Provisions on pages 5 to 12 and the other questionnaires, certificates, schedules and forms incorporated by reference) are made by the Purchaser with the intent that they be relied upon by the Issuer in determining its suitability as a purchaser of Purchased Securities, and the Purchaser hereby agrees to indemnify the Issuer against all losses, claims, costs, expenses and damages or liabilities up to the amount of the Purchaser's subscription, which it may suffer or incur as a result of reliance thereon. The Purchaser undertakes to notify the Issuer immediately of any change in any representation, warranty or other information relating to the Purchaser set forth in the Subscription (including the first (cover) page, the Terms on pages 2 to 3, the General Provisions on pages 5 to 12 and the other questionnaires, certificates, schedules and forms incorporated by reference) which takes place prior to the Closing.

## **2.5 Survival of representations and warranties**

The representations and warranties contained in this Section 2 will survive the Closing for a period of two (2) years.

# **3. REPRESENTATIONS AND WARRANTIES OF THE ISSUER**

## **3.1 Representations and Warranties of the Issuer**

The Issuer represents and warrants to the Purchaser that:

- (a) It and its subsidiaries, are duly organized and validly existing under the laws of their respective jurisdictions of incorporation, amalgamation or continuance, and it and its subsidiaries are in good standing with the corporate governmental authorities of such jurisdictions with respect to the filing of annual returns and such other filings as are necessary to maintain their corporate existence and that they have full corporate power to conduct their business as such business is now being conducted;
- (b) there are no claims, actions, suits, judgments, or proceedings pending against or affecting the Issuer which will or may have a material adverse effect upon the Issuer, nor does it know of any reasonable ground for any such claims, actions, suits, judgments, or proceedings;
- (c) it has the full power and authority to accept this Agreement and to do all other acts which may be necessary to consummate the transactions contemplated hereby;
- (d) the issue of the Securities will, at the time of their issuance, have been approved by all requisite corporate action and the Purchased Securities will, upon issuance and delivery, be validly issued as fully paid and non-assessable;
- (e) there is no consent, approval, authorization, order or agreement of any stock exchange, securities commission or similar authority in Canada, governmental agency or regulator, court or any other person which may be required for the issuance of the Securities and the delivery of certificates representing the Securities to the Purchaser, which has not been obtained and is not in effect on the date of delivery of such certificates;
- (f) the Issuer and its subsidiaries are duly registered or licensed to carry on business in the jurisdictions in which they carry on business or own property;

- (g) the Issuer has complied and will comply fully with the requirements of the Applicable Legislation;
- (h) the issue and sale of the Securities by the Issuer does not and will not conflict with, and does not and will not result in a breach of, any of the terms of its constating documents or any agreement or instrument to which the Issuer is a party;
- (i) no order ceasing or suspending trading in securities of the Issuer or prohibiting the sale of such securities has been issued and is presently outstanding against the Issuer or its directors, officers or promoters or any other companies that have common directors, officers or promoters, and no investigations or proceedings for such purposes are pending or threatened; and
- (j) the Issuer will reserve sufficient common shares in its treasury to issue the Purchased Securities to the Purchaser.
- (k) that the Shares constitute "flow-through shares" as defined in subsection 127(9) of the Act;
- (l) The Company shall apply all funds derived from the flow-through shares incurring exploration expenditures which qualify as CEE under the Income Tax Act (Canada) (the "Tax Act"). The Company shall in accordance with the provisions of the Tax Act, take all necessary steps to renounce in favour of the undersigned the amount of expenditures incurred by it which constitute CEE.
- (m) that it will incur Resource Expenditures of an amount not less than the Renunciation Amount upon the Property before December 31, 2006 in respect to the Purchase Price;
- (n) that it will renounce Resource Expenditures in respect to the Shares in an amount not less than nor greater than the Renunciation Amount to and in favour of the Subscriber, having an effective date of December 31, 2006 in respect to the Shares, in prescribed form and within the time required by the Act, on or before the Renunciation Date, pursuant to subsections 66(12.6) and 66(12.66) of the Act;
- (o) that none of the Resource Expenditures incurred by it pursuant to this agreement will constitute "Canadian exploration and development overhead expenses" prescribed for purposes of paragraph 66(12.6)(b) and as more particularly defined in subsections 1206(1), (4.2), (4.3), (5), (6) and (7) of the Regulations;
- (p) that it has not and will not renounce any part of the Resource Expenditures incurred by it pursuant to this agreement in favour of any person other than the Subscriber;
- (q) that it will file with the National Revenue the form prescribed for the purposes of subsection 66(12.68) of the Act, as required;
- (r) that it will maintain proper accounting books and records relating to the Resource Expenditures incurred by it pursuant to this agreement and during the currency of this agreement will make them available for inspection by the Subscriber at the Issuer's head office during regular business hours;
- (s) if the Issuer renounces Resource Expenditures pursuant hereto and does not incur all or part of the Resource Expenditures which it planned to incur during the period specified herein, the Issuer will be required to reduce the amount of Resource Expenditures renounced pursuant to the terms hereof and, as a result, the Subscriber:
  - (i) may be subject to increased income tax liabilities for the year in respect of which the excess renunciation was made; and

- (ii) may be required to file appropriate amendments to the Subscriber's income tax return for such year; and

### **3.3 Survival of representations and warranties**

The representations and warranties contained in this Section 3 will survive the Closing for a period of two (2) years.

## **4. CLOSING**

4.1 The Purchaser acknowledges that Purchased Securities may be issued to other purchasers under the Private Placement concurrently with the Closing.

4.2 Concurrently with the delivery of this Subscription, the Purchaser will deliver to the Issuer the Subscription and all applicable schedules and required forms, duly executed by the Purchaser, and payment in full for the total price of the Purchased Securities to be purchased by the Purchaser.

4.3 At Closing of the offering the Issuer will deliver within sixty days to the Purchaser or its nominee, the certificates representing the Purchased Securities purchased by the Purchaser registered in the name of the Purchaser or its nominee.

## **5. MISCELLANEOUS**

5.1 The Purchaser agrees to sell, assign or transfer the Securities only in accordance with the requirements of applicable securities laws and any legends placed on the Securities as contemplated by this Subscription.

5.2 The Purchaser hereby authorizes the Issuer to correct any minor errors in, or complete any minor information missing from any part of the Subscription and any other questionnaires, certificates, schedules, forms or other documents executed by the Purchaser and delivered to the Issuer in connection with the Private Placement.

5.3 The Issuer will be entitled to rely on delivery by fax machine of an executed copy of this Subscription, and acceptance by the Issuer of such faxed copy will be equally effective to create a valid and binding agreement between the Purchaser and the Issuer in accordance with the terms of the Subscription.

5.4 Without limitation, this Subscription and the transactions contemplated hereby are conditional upon and subject to the Issuer's having obtained such regulatory approval of this Subscription and the transactions contemplated by this Subscription.

5.5 This Subscription is not assignable or transferable by the parties hereto without the express written consent of the other party to this Subscription.

5.6 Time is of the essence of this Subscription and will be calculated in accordance with the provisions of the *Interpretation Act* (British Columbia)

5.7 Except as expressly provided in this Subscription and in questionnaires, certificates, schedules, forms or other documents contemplated or provided for herein, this Subscription contains the entire agreement between the parties with respect to the Securities and there are no other terms, conditions, representations or warranties whether expressed, implied, oral or written, by statute, by common law, by the Issuer or by anyone else.

5.8 The parties to this Subscription may amend this Subscription only in writing.

5.9 This Subscription enures to the benefit of and is binding upon the parties to this Subscription and their successors and permitted assigns.

5.10 A party to this Subscription will give all notices to or other written communications with the other party to this Subscription concerning this Agreement by hand or by registered mail addressed to the address given above.

5.11 This Subscription is to be read with all changes in gender or number as required by the context.

5.12 This Subscription will be governed by and construed in accordance with the internal laws of British Columbia (without reference to its rules governing the choice or conflict of laws), and the parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of British Columbia with respect to any dispute related to this Subscription.

## **END OF GENERAL PROVISIONS**

## Provisions applicable to a purchaser resident in British Columbia

**IMPORTANT NOTE:** the following provisions are applicable **ONLY** if the Purchaser is resident in British Columbia.

### Additional definitions

In the following provisions applicable to a purchaser resident in British Columbia and the Subscription (including the first (cover) page and all of the questionnaires, certificates, schedules, forms or other documents), the following words have the following meanings unless otherwise indicated:

- (a) “Applicable Legislation” includes the *Securities Act* (British Columbia);
- (b) “Commissions” includes the British Columbia Securities Commission;
- (c) “*Securities Act* (British Columbia)” means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended, and the regulations and rules made thereunder and all administrative policy statements, blanket orders, notices, directions and rulings issued by the British Columbia Securities Commission.

In the following provisions, a person is “Deemed to be Acting as a Principal” if the person is:

- (a) duly authorized to enter into this Subscription and to execute all documentation in connection with the purchase on behalf of each beneficial purchaser; is purchasing the Purchased Securities as an agent or trustee for accounts that are fully managed by it and is
  - (i) a trust company or insurance company that has been authorized to do business under the *Financial Institutions Act* (British Columbia),
  - (ii) an adviser who manages the investment portfolio of clients through discretionary authority granted by one or more clients and who is registered as a portfolio manager under the *Securities Act* (British Columbia) or is exempt from such registration,
  - (iii) a trust company or insurer, authorized under the laws of a province or territory of Canada other than British Columbia to carry on business in such province or territory,
  - (iv) a portfolio manager registered or exempt from registration under the laws of a province or territory of Canada other than British Columbia, or
  - (v) a portfolio manager in a jurisdiction other than Canada and has provided the “Certification by Foreign Portfolio Manager” contemplated by British Columbia Instrument 45-504 or similar instrument; or
- (b) acting as agent for one or more disclosed principals, each of which principals is purchasing as a principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Purchased Securities.

In the case of any Purchaser who is Deemed to be Acting as a Principal, the Purchaser acknowledges that the Issuer may in the future be required by law to disclose on a confidential basis to securities regulatory authorities the identity of each beneficial purchaser of Purchased Securities for whom the Purchaser may be acting.

**NOTE: the provisions on this page are applicable ONLY if the Purchaser is resident in British Columbia.**

### **Applicable exemptions**

IN ADDITION to the representations and warranties in the General Provisions (on pages 5 to 12), the Purchaser represents and warrants to the Issuer that, as at the Subscription Date and at the Closing, the Purchaser is purchasing as principal and is:

- (a) a person who meets the definition of Accredited Investor set forth herein; or
- (b) a person who meets the definition of Family, Friend or Business Associate set forth herein.

### **Additional representations**

IN ADDITION to the representations and warranties in the General Provisions (on pages 5 to 12), the Purchaser also represents and warrants to the Issuer that, as at the Subscription Date and at the Closing:

- (a) the Purchaser is not a “control person” of the Issuer as defined in the *Securities Act* (British Columbia), will not become a “control person” by virtue of this purchase of any of the Securities, and does not intend to act in concert with any other person to form a control group of the Issuer;
- (b) the offer was not made to the Purchaser when the Purchaser was in the United States and, at the time the Purchaser’s buy order was made to the Issuer, the Purchaser was outside the United States;
- (c) the Purchaser is not a U.S. Person; and
- (d) the Purchaser is not and will not be purchasing Purchased Securities for the account or benefit of any U.S. Person.

## Provisions applicable to a purchaser resident in Alberta

**IMPORTANT NOTE:** the following provisions are applicable **ONLY** if the Purchaser is resident in Alberta.

### Additional definitions

In the following provisions applicable to a purchaser resident in Alberta and the Subscription (including the first (cover) page and all of the questionnaires, certificates, schedules, forms or other documents), the following words have the following meanings unless otherwise indicated:

- (a) "Applicable Legislation" includes the *Securities Act* (Alberta);
- (b) "Commissions" includes the Alberta Securities Commission;
- (c) "*Securities Act* (Alberta)" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended, and the regulations and rules made thereunder and all administrative policy statements, blanket orders, notices, directions and rulings issued by the Alberta Securities Commission.

### Exemptions

IN ADDITION to the representations and warranties in the General Provisions (on pages 5 to 12), the Purchaser represents and warrants to the Issuer that, as at the Subscription Date and at the Closing, the Purchaser is:

- (a) a person who meets the definition of Accredited Investor set forth herein, or
- (b) a person who meets the definition of Family, Friend or Business Associate set forth herein;

and the Purchaser is either

- (c) purchasing the Purchased Securities as principal and no other person, corporation, firm or other organization will have a beneficial interest in the Purchased Securities; or
- (d) if not purchasing the Purchased Securities as principal, is duly authorized to enter into this Subscription and to execute all documentation in connection with the purchase on behalf of each beneficial purchaser, it acknowledges that the Issuer may in the future be required by law to disclose on a confidential basis to securities regulatory authorities the identity of each beneficial purchaser of Purchased Securities for whom it may be acting, and is
  - (i) trading for accounts fully managed by it and is a trust corporation trading as trustee or an agent, a portfolio manager trading as an agent, or a person or company trading as an agent that, except for an exemption under the *Securities Act* (Alberta) or the rules thereunder, is required to be registered as a portfolio manager; or
  - (ii) acting as agent for one or more disclosed principals, each of which principals is purchasing as a principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Purchased Securities and each of which principals complies with Paragraph (i);

### Additional representations

IN ADDITION to the representations and warranties in the General Provisions (on pages 5 to 12), the Purchaser also represents and warrants to the Issuer that, as at the Subscription Date and at the Closing:

**NOTE: the provisions on this page are applicable ONLY if the Purchaser is resident in Alberta.**

- (a) the Purchaser is not a “control person” of the Issuer as defined in the *Securities Act* (Alberta), will not become a “control person” by virtue of this purchase of any of the Securities, and does not intend to act in concert with any other person to form a control group of the Issuer;
- (b) the offer was not made to the Purchaser when the Purchaser was in the United States and, at the time the Purchaser’s buy order was made to the Issuer, the Purchaser was outside the United States;
- (c) the Purchaser is not a U.S. Person; and
- (d) the Purchaser is not and will not be purchasing Purchased Securities for the account or benefit of any U.S. Person.

**NOTE: the provisions on this page are applicable ONLY if the Purchaser is resident in Ontario.**

### **Provisions applicable to a purchaser resident in Ontario**

**IMPORTANT NOTE: the following provisions are applicable ONLY if the Purchaser is resident in Ontario.**

#### **Additional definitions**

In the following provisions applicable to a purchaser resident in Ontario and the Subscription (including the first (cover) page and all of the appendixes), the following words have the following meanings unless otherwise indicated:

- (a) “Applicable Legislation” includes the *Securities Act* (Ontario);
- (b) “Commissions” includes the Ontario Securities Commission;
- (c) “managed account” means an investment portfolio account of a client established in writing with a portfolio adviser who makes investment decisions for the account and has full discretion to trade in securities of the account without requiring the client’s express consent to a transaction;
- (d) “*Securities Act* (Ontario)” means the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and the regulations and rules made thereunder and all administrative policy statements, blanket orders, notices, directions and rulings issued by the Ontario Securities Commission.

#### **Exemptions**

IN ADDITION to the representations and warranties in the General Provisions (on pages 5 to 12), the Purchaser also represents and warrants to the Issuer that, as at the Subscription Date and at the Closing:

- (a) the Purchaser is purchasing as principal and meets the definition of Accredited Investor set forth herein; or
- (b) if not purchasing the Purchased Securities as principal, it is duly authorized to enter into this Subscription and to execute all documentation in connection with the purchase on behalf of each beneficial purchaser, it acknowledges that the Issuer may in the future be required by law to disclose on a confidential basis to securities regulatory authorities the identity of each beneficial purchaser of Purchased Securities for whom it may be acting, and it is acting as agent for one or more disclosed principals, each of which principals is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Purchased Securities and each of which principals meet the definition of Accredited Investor set forth herein.

#### **Additional Representations**

IN ADDITION to the representations and warranties in the General Provisions (on pages 5 to 12), the Purchaser also represents and warrants to the Issuer that, as at the Subscription Date and at the Closing:

- (a) the Purchaser is not a “control person” of the Issuer (that is, a person or company that, in relation to the Issuer, is an affiliated entity or a person or company referred to in clause (c) of the definition of distribution in subsection 1(1) of the *Securities Act* (Ontario)), will not become a “control person” by virtue of this purchase of any of the Securities, and does not intend to act in concert with any other person to form a control group of the Issuer;
- (b) the offer was not made to the Purchaser when the Purchaser was in the United States and, at the time the Purchaser’s buy order was made to the Issuer, the Purchaser was outside the United States;

**NOTE: the provisions on this page are applicable ONLY if the Purchaser meets the definition of Accredited Investor.**

- (c) the Purchaser is not a U.S. Person; and
- (d) the Purchaser is not and will not be purchasing Purchased Securities for the account or benefit of any U.S. Person.

**NOTE: the provisions on this page are applicable ONLY if the Purchaser meets the definition of Accredited Investor.**

### **ACCREDITED INVESTOR QUESTIONNAIRE**

THIS QUESTIONNAIRE MUST BE COMPLETED AND DELIVERED TO THE ISSUER IN ORDER FOR YOU TO BE CONSIDERED AS A PROSPECTIVE INVESTOR OF SECURITIES IN A PRIVATE PLACEMENT OFFERING OF SECURITIES BY THE ISSUER.

INSTRUCTIONS: The purpose of this questionnaire is to determine whether you meet the definition of Accredited Investor as that term is defined in Multilateral Instrument 45-103 and OSC Rule 45-501.

**Please initial beside the category below that applies to you.**

Your answers will be strictly confidential at all times, however, each person who completes this questionnaire hereby agrees that the Issuer may present this questionnaire to such parties as it deems appropriate for verification in order to assure itself and future issuers that the subsequent offer and sale of securities will not result in a violation of the prospectus and registration provisions of the Securities Legislation Applicable to the Issuer.

**FOR A NATURAL PERSON TO QUALIFY, YOU MUST INITIAL ONE OF THE FOLLOWING:**

**I AM:**

\_\_\_\_\_ A natural person who beneficially owns, or who together with a spouse beneficially own, directly or indirectly, Financial Assets having an aggregate realizable value that, before taxes but net of any Related Liabilities, exceeds \$1,000,000

\_\_\_\_\_ A natural person whose net income before taxes exceeded \$200,000 in each of the two most recent years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of those years and who, in either case, reasonably expects to exceed that net income level in the current year

\_\_\_\_\_ A natural person who has been granted registration under the Securities Legislation Applicable to the Issuer or securities legislation in another province or territory of Canada as a representative of a person or company registered under the Securities Legislation Applicable to the Issuer or securities legislation in another province or territory of Canada as an adviser or dealer, other than a limited market dealer

\_\_\_\_\_ A natural person registered under the Securities Legislation Applicable to the Issuer or securities legislation in another province or territory of Canada as an adviser or dealer, other than a limited market dealer

**FOR PERSONS AND ENTITIES OTHER THAN NATURAL PERSONS TO QUALIFY, YOU MUST INITIAL ONE OF THE FOLLOWING:**

**I AM AN ENTITY THAT IS:**

\_\_\_\_\_ A Canadian financial institution, or an authorized foreign bank listed in Schedule III of the *Bank Act* (Canada)

\_\_\_\_\_ The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada)

\_\_\_\_\_ An association under the *Cooperative Credit Associations Act* (Canada) located in Canada

**NOTE: the provisions on this page are applicable ONLY if the Purchaser meets the definition of Accredited Investor.**

- \_\_\_\_\_ A subsidiary of any person or company referred to in the three paragraphs directly above, where the person or company owns all of the voting shares of the subsidiary
- \_\_\_\_\_ A person or company registered under the Securities Legislation Applicable to the Issuer or securities legislation in another jurisdiction as an adviser or dealer, other than a limited market dealer
- \_\_\_\_\_ An entity that is organised outside of Canada that is analogous to any of the entities referred to in the five paragraphs directly above in form and function
- \_\_\_\_\_ A company, limited partnership, limited liability partnership, trust or estate, other than a mutual fund or non-redeemable investment fund, that had net assets of at least \$5,000,000 as reflected in its most recently prepared financial statements
- \_\_\_\_\_ A person or company that is recognized by the Commissions as an accredited investor or as an exempt purchaser
- \_\_\_\_\_ A mutual fund or non-redeemable investment fund that, in the local jurisdiction, distributes its securities only to persons or companies that are Accredited Investors
- \_\_\_\_\_ A mutual fund or non-redeemable investment fund that, in the local jurisdiction, distributes its securities under a prospectus for which the regulator has issued a receipt
- \_\_\_\_\_ A person or company in respect of which all of the owners of interests, direct or indirect, legal or beneficial, are persons or companies that are accredited investors

The foregoing statements are true and accurate to the best of my information and belief and I will promptly notify the Issuer of any changes in the foregoing answers.

**ONLY ACCREDITED INVESTORS NEED COMPLETE AND SIGN**

Dated \_\_\_\_\_, 2006.

**X** \_\_\_\_\_  
Signature of individual (if Purchaser **is** a natural person)

**X** \_\_\_\_\_  
Authorized signatory (if Purchaser is **not** a natural person)

\_\_\_\_\_  
Name of Purchaser (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)

### FAMILY, FRIEND OR BUSINESS ASSOCIATES QUESTIONNAIRE

THIS QUESTIONNAIRE MUST BE COMPLETED AND DELIVERED TO THE ISSUER IN ORDER FOR YOU TO BE CONSIDERED AS A PROSPECTIVE INVESTOR OF SECURITIES IN A PRIVATE PLACEMENT OFFERING OF SECURITIES BY THE ISSUER.

INSTRUCTIONS: The purpose of this questionnaire is to determine whether you meet the definition of Family, Friend or Business Associate as that term is defined in Multilateral Instrument 45-103.

**Please initial beside the category below that applies to you.**

Your answers will be strictly confidential at all times, however, each person who completes this questionnaire hereby agrees that the Issuer may present this questionnaire to such parties as it deems appropriate for verification in order to assure itself and future issuers that the subsequent offer and sale of securities will not result in a violation of the prospectus and registration provisions of the Securities Legislation Applicable to the Issuer.

**FOR A NATURAL PERSON TO QUALIFY, YOU MUST COMPLETE AND INITIAL ONE OF THE FOLLOWING:**

**I AM:**

\_\_\_\_\_ A director, senior officer or control person of the Issuer, or of an affiliate of the Issuer

\_\_\_\_\_ A spouse, parent, grandparent, brother, sister, or child of \_\_\_\_\_ [*insert name*], a director, senior officer or control person of the Issuer, or of an affiliate of the Issuer

\_\_\_\_\_ A close personal friend of \_\_\_\_\_ [*insert name*], a director, senior officer or control person of the Issuer, or of an affiliate of the Issuer

\_\_\_\_\_ A close business associate of \_\_\_\_\_ [*insert name*], a director, senior officer or control person of the Issuer, or of an affiliate of the Issuer

**FOR PERSONS AND ENTITIES OTHER THAN NATURAL PERSONS TO QUALIFY, YOU MUST INITIAL ONE OF THE FOLLOWING:**

**I AM AN ENTITY THAT IS:**

\_\_\_\_\_ A person or company that is wholly-owned by any combination of the persons described above

The foregoing statements are true and accurate to the best of my information and belief and I will promptly notify the Issuer of any changes in the foregoing answers.

**ONLY FAMILY, FRIENDS OR BUSINESS ASSOCIATES NEED COMPLETE AND SIGN**

Dated \_\_\_\_\_, 2006.

**X** \_\_\_\_\_  
Signature of individual (if Purchaser **is** a natural person)

**X** \_\_\_\_\_  
Authorized signatory (if Purchaser is **not** a natural person)

\_\_\_\_\_  
Name of Purchaser (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)

**NOTE: the provisions on this page are applicable ONLY if the Purchaser is a corporation, trust, portfolio manager or other entity.**

## SCHEDULE a

### FORM 4C CORPORATE PLACEE REGISTRATION FORM

Where subscribers to a Private Placement are not individuals, the following information about the placee must be provided. This Form will remain on file with the Exchange. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed companies. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) with the Exchange.

1. Placee Information:

(a) Name: \_\_\_\_\_

(b) Complete Address: \_\_\_\_\_  
\_\_\_\_\_

2. Jurisdiction of Incorporation or Creation: \_\_\_\_\_

a. Is the Placee purchasing securities as a portfolio manager (Yes/No)? \_\_\_\_\_

b. Is the Placee carrying on business as a portfolio manager outside of Canada (Yes/No)?  
\_\_\_\_\_

3. If the answer to 2(b) above was "Yes", the undersigned certifies that:

a. It is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;

b. it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in \_\_\_\_\_ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

c. it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

d. the total asset value of the investment portfolios it manages on behalf of clients is not less than \$20,000,000; and

e. it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing

**NOTE: the provisions on this page are applicable ONLY if the Purchaser is a corporation, trust, portfolio manager or other entity.**

4. If the answer to 2(a). above was "No", please provide the names and addresses of control persons of the Placee:

Name	City	Province	Country

The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions (See for example, sections 87 and 111 of the *Securities Act* (British Columbia) and sections 176 and 182 of the *Securities Act* (Alberta)).

Dated at \_\_\_\_\_ on \_\_\_\_\_.

\_\_\_\_\_  
(Name of Purchaser - please print)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Official Capacity - please print)

\_\_\_\_\_  
(please print name of individual whose signature appears above)

THIS IS NOT A PUBLIC DOCUMENT

**END OF SUBSCRIPTION**