

SUBSCRIPTION FORM

TO: CGS Resource Fund Ltd. (the “Company”)

AND TO: CGS Asset Management Ltd. (the “Manager”)

The undersigned (the “Subscriber”) hereby acknowledges receipt of the confidential offering memorandum dated February 12, 2010 (the “Offering Memorandum”) relating to an offering of redeemable, retractable, non-voting participating Class A Shares of two series: Series A shares and Series F shares (collectively, the “Shares”) of the Company, a corporation incorporated under the federal laws of Canada. The Subscriber acknowledges that this subscription agreement (the “Subscription Agreement”) is not binding on the Company until accepted, in whole or in part, by the Manager on behalf of the Company, in its sole discretion.

SHARE DESCRIPTION

Class A Shares are available for purchase by investors. There are 2 types of Class A Shares available for purchase:

- i) **Series A:** 2.00% management fee per annum; 0.40% service fee to Investment Advisors per annum paid out of the management fee (paid quarterly); and a performance fee equal to 20% of the investment returns in excess of a 6% annualized hurdle.
- ii) **Series F (Fee Based Accounts):** 1.60% management fee per annum; no service fee paid to Investment Advisors; and a performance fee equal to 20% of the investment returns in excess of a 6% annualized hurdle.

The undersigned Subscriber hereby irrevocably subscribes for and agrees to purchase from the Company that dollar value of Class A Shares (Series A or F) of the Company (the “Purchased Shares”) set out below equal to the net asset value per Purchased Share as of the applicable Valuation Date (as defined below; the aggregate dollar value of such Purchased Shares is the “Subscription Price”).

The Purchased Shares form part of a continuous offering of Class A Shares (Series A or F) of the Company (the “Offering”). The Subscriber agrees to be bound by the terms and conditions set forth below under “Terms and Conditions of Subscription for Class A Shares of the Company” including without limitation the representations, warranties and covenants set forth and the applicable schedule attached thereto. The Subscriber further agrees, without limitation, that the Company may rely (without independent investigation) upon the Subscriber’s representations, warranties and covenants contained in such documents. Unless otherwise noted, all references in this Subscription Agreement to “\$” are to Canadian dollars.

HAVE YOU COMPLETED THIS SUBSCRIPTION AGREEMENT PROPERLY?

The following items in this subscription agreement must be completed. PLEASE INITIAL EACH APPLICABLE BOX. If the Subscriber is acting on behalf of more than one disclosed principal, a separate subscription agreement must be completed for each disclosed principal.

You may not change any part of this subscription agreement without consent of the Manager.

PART A - Subscriber Information on page 2 (signed & dated)

PART B - Accredited Investor Certificate on page 3 (signed & dated)

PLEASE FAX COMPLETED & SIGNED AGREEMENTS TO CGS ASSET MANAGEMENT LTD. AT (403) 263-5554. ALTERNATIVELY, COMPLETED AGREEMENTS MAY BE SCANNED & EMAILED DIRECTLY TO THE MANAGER AT INFO@CGSAM.COM

PLEASE NOTE: THE MANAGER RESERVES THE RIGHT TO CANCEL A PURCHASE REQUEST IF THE REQUIRED SUBSCRIPTION AGREEMENT IS NOT RECEIVED WITHIN FIVE BUSINESS DAYS OF THE APPLICABLE VALUATION DATE.

PART A – SUBSCRIBER INFORMATION

INVESTMENT INFORMATION

Net Subscription Amount: _____

New Subscription

Subsequent Subscription

Transaction Date: _____

Dealer/Rep #: _____ IA Email: _____

SUBSCRIBER INFORMATION

SUBSCRIBER:

Name of Subscriber

X _____
Signature of Subscriber

Address

City/Province/Postal Code

Phone

Email

IF SUBSCRIBER IS AN INDIVIDUAL:

Date of Birth

SIN

Citizenship

Passport Number

Employer

Address

Type of Business

Occupation

IF SUBSCRIBER IS NOT AN INDIVIDUAL:

Provide names and titles of all individuals who have authority to give instructions on behalf of the Subscriber (attach additional pages if required)

Name and Position of Signatory

JOINT SUBSCRIBER (if applicable):

Name of Joint Subscriber

X _____
Signature of Joint Subscriber

Address (if different than Subscriber's)

City/Province/Postal Code

Phone

Email

JOINT SUBSCRIBER (if applicable):

Date of Birth

SIN

Citizenship

Passport Number

Employer

Address

Type of Business

Occupation

TRADING INFORMATION

Will any other person or persons:

a) Have any trading authorization in this account?

Yes No

If yes, provide name and title

b) Have a financial interest in this account?

Yes No

If yes, provide name and title

Investment Knowledge:

Extensive Moderate None

Risk Tolerance:

High Medium Low

Investment Objectives:

Growth Income Balanced

Investment Time Horizon

Long Term Short Term

TO BE COMPLETED BY THE MANAGER ONLY

The Manager, for and on behalf of the Company, hereby accepts the subscription on the terms and conditions of this subscription agreement, including the attached "Terms and Conditions of Subscription for Class A Shares of CGS Resource Fund Ltd."

Valuation Date: _____ Price Per Share: _____ Shares Issued: _____

Dated this ___ day _____, 201__.

Authorized Signing Officer, CGS Asset Management Ltd.

PART B - ACCREDITED INVESTOR CERTIFICATE

In connection with the purchase by the undersigned (the "**Subscriber**") of the Purchased Shares, the Subscriber hereby represents, warrants and certifies to the Company, the Manager and the Administrator that the Subscriber:

- (i) is an "accredited investor" (as defined in National Instrument 45-106 – Prospectus and Registration Exemptions) by virtue of satisfying one of the criteria indicated below:
- (a) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000,
 - (b) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,
 - (c) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000,
 - (d) other: please indicate appropriate category of "accredited investor":

- (ii) is purchasing the Purchased Shares as principal;
- (iii) is resident in or is subject to the laws of the province or territory set out above under the heading "Subscription and Subscriber Information"; and
- (iv) has not been provided with any offering memorandum (as such term is defined in section 1(1) of the *Securities Act* (Ontario)) in connection with the purchase of the Purchased Shares other than the Offering Memorandum.

PART C - LEVERAGE DISCLOSURE AND ACKNOWLEDGEMENT (Under National Instrument 31-103)

If you are considering borrowing money to purchase Shares of the Company, please be advised that using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

PART D - SUBSCRIBER SIGNATURE

By signing below, the Subscriber:

- (a) Is entering into this Subscription Agreement upon the attached terms and conditions;
- (b) Authorizes the indirect collection of personal information about the Subscriber and, if applicable, any disclosed beneficial subscriber of the Purchased Shares, by each applicable securities regulatory authority or regulator and acknowledges that such information is made available to the public under applicable securities legislation; and,
- (c) Hereby confirms that the Subscriber has read the written leverage disclosure statement in Part C above.

X _____
Signature of Subscriber

X _____
Date

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR CLASS A SHARES
OF CGS RESOURCE FUND LTD.**

1. Amount Payable

The Subscriber hereby tenders, in full payment of the Subscription Price, a certified cheque, bank draft, wire transfer or other form of immediately transferable funds, made payable to "CGS Resource Fund Ltd. (in trust)" (or has arranged for another method of payment acceptable to the Manager, including through the facilities of FundSERV) for the amount set forth above on page 2 hereof representing the aggregate Subscription Price for the Purchased Shares. Wiring instructions are as follows:

FOR CANADIAN DOLLAR AMOUNTS ONLY

Bank:	TD Canada Trust 300 – 5 th Avenue SW, Suite 3100 Calgary, AB T2P 3C4
Swift Code:	TDOMCATTOR
Account Number:	80569-004-5215560
Account Name & Address:	CGS Asset Management Ltd. ITF FundSERV 2108, 335 – 8 th Avenue SW Calgary, AB T2P 1C9

Shares will be issued at NAV per Share on the Valuation Date. A "**Valuation Date**" is the last Business Day (any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the Toronto Stock Exchange is not open for trading) of each week. Fully executed and completed Subscription Agreements and cleared funds satisfying the Subscription Price for the Purchase Shares received by 4:00 PM (ET) on the Valuation Date will be accepted on the Valuation Date in such week. Subscriptions received after that time will be accepted on the next Valuation Date. Shares will be deemed to be issued on the next Business Day based on the NAV per Share on such Valuation Date.

2. Acceptance of Subscription

The Subscriber acknowledges and agrees that participation in the Company is subject to the acceptance of this subscription by the Manager and payment of the Subscription Price. This Subscription Agreement and the Subscription Price or any portion thereof will be returned forthwith to the Subscriber, without interest or deduction, at the address indicated on page 2 hereof if this subscription or any part of this subscription is not accepted.

3. No Share Certificates

- (a) The Subscriber will not be entitled to receive a share certificate or other instrument representing the Purchased Shares or evidencing beneficial ownership of the Purchased Shares from the Company, the Manager, or any other person and the ownership of Shares shall be evidenced solely and conclusively by the register maintained by the Company. However, on any purchase or retraction of Shares, the Manager shall issue written confirmation indicating the nature of the transaction effected by the Subscriber and the number of Shares held by such Subscriber after such transaction.
- (b) Under Applicable Securities Laws (as defined below), the Company must notify you that if a share certificate was issued, it would bear a legend substantially in the following form: "Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) the distribution date, and (ii) the date the issuer became a reporting issuer in any province or territory."

4. Conditions of Closing

The obligations of the Company to sell the Purchased Shares to the Subscriber is subject to the following conditions being fulfilled or performed on or before the time of issuance of Purchased Shares, which conditions are for the exclusive benefit of the Company and the Manager and may be waived, in whole or in part, by the Manager in its sole discretion:

- (a) the Subscriber delivering or causing to be delivered to CGS Asset Management Ltd. (the “**Manager**”) the following, in trust:
 - (i) one fully completed and duly executed copy of this Subscription Agreement, including all relevant schedules and all other documentation contemplated by this Subscription Agreement;
 - (ii) the Subscription Price by way of a certified cheque, wire transfer or bank draft, through the facilities of FUNDSERV or such other method of payment acceptable to the Manager;
- (b) the Manager accepting the Subscriber’s subscription for the Purchased Shares in whole or in part, which acceptance shall be in the Manager’s sole discretion, acting reasonably;
- (c) the offer, sale and issuance of the Purchased Shares being exempt from the prospectus and registration requirements of Applicable Securities Laws. As used in this Subscription Agreement, “**Applicable Securities Laws**” means any and all securities laws including, statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdictions in which the Shares will be offered, sold and issued;
- (d) the Subscriber executing and returning to the Company all relevant documentation required by Applicable Securities Laws in connection with the offer, sale and issuance of the Purchased Shares to the Subscriber;
- (e) the Company obtaining all orders, permits, approvals, waivers, consents, licenses or similar authorizations of Regulators necessary to complete the offer, sale and issuance of the Purchased Shares. As used in this Subscription Agreement, “**Regulator**” means (i) any governmental or public entity department, court, commission, board, bureau, agency or instrumentality; and (ii) any quasi-governmental, self regulatory or private body exercising any regulatory authority; and
- (f) the representations and warranties of the Subscriber having been true and correct as of the date of this Subscription Agreement and being true and correct at the time of issuance of the Purchased Shares.

5. Prospectus Exemptions, Resale and Transfer Restrictions

The Subscriber, on its own behalf and on behalf of any disclosed principal for whom the Subscriber is contracting under this Subscription Agreement (a “**Disclosed Beneficial Subscriber**”) acknowledges and agrees that:

- (a) the decision to enter into this Subscription Agreement and to purchase the Purchased Shares has not been based upon any verbal or written representation or documentation as to fact or otherwise made by or on behalf of the Company, its affiliates or the Company except as set forth in the Offering Memorandum (and not in any preliminary or earlier draft thereof or in any confidential information memorandum);
- (b) the Subscriber has read and fully understands the Offering Memorandum and has had an opportunity to ask and have answered questions with respect to the Company;
- (c) the sale and delivery of the Purchased Shares to the Subscriber (and any Disclosed Beneficial Subscriber) is conditional upon such sale being exempt from the prospectus filing requirements of any applicable statute relating to the sale of the Purchased Shares;
- (d) the Subscriber (and any Disclosed Beneficial Subscriber) will comply with all Applicable Securities Laws concerning any resale of the Purchased Shares and will consult with its legal advisors with respect to complying with all restrictions applying to any such resale;

- (e) the Purchased Shares shall not be transferred except in accordance with the Company's articles of incorporation and Applicable Securities Laws and with the consent of the Manager;
- (f) no market exists for the Purchased Shares and none is likely to develop;
- (g) the Subscriber has read the "Risk Factors" section of the Offering Memorandum and has considered such risks carefully;
- (h) the Company is relying on an exemption from the requirement to provide the Subscriber with a prospectus under the Applicable Securities Laws, and no prospectus has been filed by the Company with any securities commission or other securities regulatory authorities in any province or territory of Canada or any other jurisdiction in connection with the offering of the Shares and as a result:
 - (i) the Subscriber is restricted from using most of the civil remedies available under Applicable Securities Laws in respect of its purchase of the Purchased Shares and is aware that the civil law or the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement;
 - (ii) the Subscriber will not receive information that would otherwise be required to be provided to it under Applicable Securities Laws or contained in a prospectus prepared for a public offering of the Shares in accordance with Applicable Securities Laws; and
 - (iii) the Company is relieved from certain obligations that would otherwise apply under Applicable Securities Laws; and
- (i) the Subscriber acknowledges receipt of the statement of policies attached as Schedule "A", and by execution of this Agreement hereby acknowledges and consents that the Company may, subject to compliance with applicable securities law, invest in entities related to the Manager or purchase a security of an issuer in which a responsible person or an associate of a responsible person (as defined in the Applicable Securities Laws) is a partner, officer or director.

6. Representations, Warranties and Covenants of the Subscriber

The Subscriber, on its own behalf and, if applicable, on behalf of any Disclosed Beneficial Subscriber, hereby represents, warrants, acknowledges and covenants to the Manager and to the Company (which representations, warranties, acknowledgements and covenants shall survive closing and continue in full force and effect until the Subscriber no longer directly or indirectly owns Shares) that:

- (a) an investment in Shares is not without risk and the Subscriber (and any Disclosed Beneficial Subscriber) may lose his, her or its entire investment;
- (b) the Subscriber (and any Disclosed Beneficial Subscriber) was offered the Purchased Shares in, and is resident in, the province or territory indicated on page 2 under the heading "Subscriber Information" and intends the Applicable Securities Laws to govern the offer, sale and issuance of the Shares to the Subscriber;
- (c) the Subscriber (and any Disclosed Beneficial Subscriber) is eligible to purchase the Purchased Shares pursuant to an exemption from the prospectus requirements of Applicable Securities Laws. The Subscriber has completed and delivered to the Company the Accredited Investor Certificate on page 3 under the heading "Accredited Investor Certificate" evidencing the Subscriber's (and any Disclosed Beneficial Subscriber's) status under Applicable Securities Laws and confirms the truth and accuracy of all statements made in such certificate as of the date of this Agreement and as of closing;
- (d) the Subscriber (and any Disclosed Beneficial Subscriber) will execute and deliver all documentation as may be required by Applicable Securities Laws to permit the purchase of the Purchased Shares on the terms herein set forth;
- (e) in the case of a subscription by the Subscriber for a Disclosed Beneficial Subscriber, the Subscriber fully manages the accounts of such Disclosed Beneficial Subscriber and the Subscriber, is duly authorized to

execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such Disclosed Beneficial Subscriber, to agree to the terms and conditions herein and therein set out and to make such representations, warranties, acknowledgements and covenants herein and therein contained, all as if such Disclosed Beneficial Subscriber was the purchaser named below, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes the legal, valid and binding agreement of, such Disclosed Beneficial Subscriber;

- (f) upon execution and delivery by the Subscriber and acceptance by the Manager on behalf of the Company, this Subscription Agreement will have been duly authorized, executed and delivered by, and will constitute a legal, valid and binding agreement of, the Subscriber subject to:
- (i) any applicable bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally; and
 - (ii) general principles of equity, including the granting of equitable remedies within the discretion of a court of competent jurisdiction;
- (g) if the Subscriber is an individual, the Subscriber has obtained the age of majority and is legally competent to execute this Subscription Agreement and to take all actions required pursuant hereto;
- (h) the Subscriber has obtained independent legal and tax advice as to the Subscriber's liabilities under this Subscription Agreement, and acknowledges that the relevant provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and related statutes are complex and that the Subscriber has taken such steps as the Subscriber considers necessary to ensure that the Subscriber understands the meaning and effect of such representations, warranties and indemnities;
- (i) the Subscriber (or any Disclosed Beneficial Subscriber) has full power and authority to execute and deliver this Subscription Agreement and all other agreements, instruments and other documents contemplated hereby or thereby and to take all other actions required by this Subscription Agreement and has obtained all necessary approvals and authorizations in connection therewith;
- (j) the Subscriber has read the Offering Memorandum and is aware of the characteristics of the Purchased Shares and of their speculative nature;
- (k) the Subscriber (and any Disclosed Beneficial Subscriber) has been independently advised as to and is aware of the resale restrictions under Applicable Securities Laws with respect to the Purchased Shares and acknowledges receipt of a written notice of the legend restriction notation applicable to the resale of the Purchased Shares as set forth in Section 3(b);
- (l) the Subscriber (and any Disclosed Beneficial Subscriber) is not (i) a "non-resident" of Canada for the purposes of the Tax Act, (ii) a "non-Canadian" within the meaning of the *Investment Canada Act* or (iii) a partnership and that he, she or it will maintain such status during such time as Purchased Shares are held by him or her;
- (m) the Subscriber (or any Disclosed Beneficial Subscriber) is not a "financial institution" as that term is defined in subsection 142.2(1) of the Tax Act unless such investor has provided written notice to the contrary to the Manager prior to the date of acceptance of the investor's subscription for Purchased Shares. An investor who is not an individual may be obliged to provide the Manager with a declaration that it is not a "financial institution" as that term is defined in subsection 142.2(1) of the Tax Act;
- (n) the Subscriber (and any Disclosed Beneficial Subscriber) is not a "U.S. Person" (as that term is defined in Regulation S promulgated under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or company organized or incorporated under the laws of the United States) and is not acquiring the Securities for the account of or benefit of a U.S. Person or a person in the United States;
- (o) the Subscriber represents and warrants that the Subscriber (and any Disclosed Beneficial Subscriber) is not named on or blocked by any of the following lists (the "**Prohibited Lists**") promulgated by the Department of

Foreign Affairs and International Trade Canada (DFAIT), or the Department of Public Safety and Emergency Preparedness of Canada (DPSEP):

- (i) the List of Names subject to the Regulations Establishing a List of Entities made under subsection 83.05(1) of the Criminal Code (Canada); (found at the website of the Office of the Superintendent of Financial Institutions Canada (OSFI) at http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=525);
- (ii) the List of Names subject to the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism; (found at OSFI website at http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=525); and
- (iii) the List of Names subject to the United Nations Al-Qaida and Taliban Regulations (found at OSFI website at http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=525).

The Subscriber acknowledges and agrees that the Manager has provided herein certain lists adopted or published by applicable governmental authorities for the convenience of the Subscriber and that because these lists are subject to change from time to time, it is the responsibility of the Subscriber to ensure that the lists are current as of the time this Subscription Agreement is executed and that each representation made by the Subscriber is true and correct as of the date of the Subscription Agreement.

- (p) to the best of the Subscriber's knowledge the money that the Subscriber seeks to invest is not derived from any criminal enterprise or proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) Act* (Canada).
- (q) the Subscriber agrees to provide to the Manager or the Administrator (as the case may be) such additional information as the Manager or the Administrator (as the case may be) may request, and to take such other reasonable actions on request as may be advisable in the reasonable judgment of the Manager or the Administrator (as the case may be) or its agents or service providers, to enable the Manager to satisfy its anti-money laundering and anti-terrorist financing responsibilities.
- (r) the Subscriber acknowledges and agrees that the Subscriber may encounter delays in effecting redemptions or in receiving distributions or other payments from the Company, and may be required to redeem from the Company, if information requested by the Manager, the Company or the Administrator (as the case may be) or any of the Company's other agents or service providers is not provided in a timely manner. In the event of any such delay, the Subscriber shall indemnify the Manager, the Company or the Administrator (as the case may be), and hold it harmless, against any loss resulting from such delay.
- (s) the Subscriber acknowledges and agrees that redemption proceeds or other amounts paid to the Subscriber will be paid only to an account in the Subscriber's name, unless the Company in its sole discretion agrees otherwise.
- (t) the Subscriber acknowledges that (i) the Manager or the Administrator (as the case may be) or any of the Company's other agents or service providers may monitor communications, investments, redemptions, and other payments; (ii) may be required to report any suspicious activity to appropriate authorities; (iii) in the course of making investments the Company may disclose information contained in this Subscription Agreement or otherwise provided by the Subscriber to third parties; and (iv) the Manager or the Administrator (as the case may be) may disclose information contained in this Subscription Agreement or otherwise provided by the Subscriber to applicable government authorities for anti-money laundering and anti-terrorist financing purposes.
- (u) the Subscriber acknowledges that, if the Subscriber is or becomes named on or blocked by any Prohibited List, or if the Manager, the Company or the Administrator (as the case may be) is otherwise required by law, the Manager, the Company or the Administrator (as the case may be) may freeze its investment, by prohibiting additional investments, declining redemption requests or segregating assets constituting the investment in accordance with applicable regulations, or the Subscriber may be required to redeem from the Company. In

such event, the Subscriber shall indemnify the Manager, the Company or the Administrator (as the case may be), and hold them harmless, against any resulting loss.

- (v) the Subscriber understands that, if required by Applicable Securities Laws a report of the sale of the Shares will be filed with the appropriate securities regulatory authority. The Subscriber hereby acknowledges that pursuant to such a report, the Company may be obligated to disclose, among other things, the identity of the Subscriber and the particulars of the Subscriber's holdings in the Company. The Subscriber hereby consents to such disclosure;
- (w) except as required by applicable laws, the Subscriber agrees to keep confidential all information provided to the Subscriber relating to the business and affairs of the Company and not to distribute or otherwise make available any such information to any other person or otherwise exploit any such information.

The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, acknowledges that the foregoing representations and warranties are made with the intent that they may be relied upon by the Manager, the Company and their respective counsel in determining the Subscriber's eligibility or (if applicable) the eligibility of any Disclosed Beneficial Subscriber on whose behalf the Subscriber is contracting hereunder to purchase the Purchased Shares under Applicable Securities Laws and, in the case of such counsel, to provide opinions in respect of the sale of the Purchased Shares. The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, further agrees that by accepting the Purchased Shares, the Subscriber (or any Disclosed Beneficial Subscriber) shall be representing and warranting that the foregoing representations and warranties are true as at the time of such acceptance. The Manager, the Company and the Administrator shall be entitled to rely on the representations and warranties of the undersigned contained in this Subscription Agreement and the Subscriber shall indemnify and hold harmless the Company, the Manager and the Administrator for any loss or damage they may suffer as a result of any misrepresentation of the undersigned.

7. Representations and Warranties of the Company

The Company represents and warrants to the Subscriber, and acknowledges that the Subscriber is relying upon such representations and warranties in connection with its subscription for Purchased Shares as provided herein, that:

- (a) the Company is incorporated under the laws of Canada and has all requisite power, authority and capacity to carry on its business as it is described in the Offering Memorandum;
- (b) the Company has complied, or will comply, with all Applicable Securities Laws in connection with the offer, sale and issuance of the Purchased Shares;
- (c) the Purchased Shares will, at the time of issue, be duly allotted, validly issued, fully-paid and non-assessable and will be free of all liens, charges and encumbrances; and
- (d) the Company has all requisite power, authority and capacity to create, issue, offer, sell and deliver the Purchased Shares.

8. Authorization of Indirect Collection of Personal Information for Distributions in Ontario

The Company may be required to file a report of trade with all applicable securities regulatory authorities containing personal information about the Subscriber (and any Disclosed Beneficial Subscriber). The Subscriber (and any Disclosed Beneficial Subscriber) acknowledges that it has been notified by the Company:

- (a) of such delivery of a report of trade containing the full name, residential address and telephone number of each Subscriber (and any Disclosed Beneficial Subscriber), the number and type of securities purchased, the total purchase price paid for such securities, the date of the purchase and the prospectus and registration exemption relied upon under Applicable Securities Laws to complete such purchase;
- (b) that in Ontario, this information is collected indirectly by the Ontario Securities Commission under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation in Ontario; and

(c) that the Subscriber may contact the Administrative Support Clerk, Ontario Securities Commission at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8 or by telephone at (416) 593-3684 for more information regarding the indirect collection of such information by the Ontario Securities Commission.

By completing this Subscription Agreement, the Subscriber authorizes the indirect collection of this information by each applicable securities regulatory authority or regulator and acknowledges that such information may be made available to the public under applicable securities legislation.

9. Waiver of Withdrawal Right

The Subscriber, and each Disclosed Beneficial Subscriber, if any, for whom the Subscriber is acting, hereby waives and releases the Manager and the Company from all rights of withdrawal to which it might otherwise be entitled under Applicable Securities Laws, to the fullest extent permitted by law.

10. Subscriber's Rights of Action

The Subscriber shall have such rights of action against the Company as is described in the Offering Memorandum under "What are Your Legal Rights?".

11. Beneficial Subscribers

Whether or not explicitly stated in this Subscription Agreement, any acknowledgement, representation, warranty, covenant or agreement made by the Subscriber in this Subscription Agreement, including any schedules attached hereto, will be treated as if made by the Disclosed Beneficial Subscriber, if any.

12. Governing Law

This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Subscriber, on its own behalf and (if applicable) on behalf of others for whom it is contracting hereunder, hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta with respect to any matters arising out of this Subscription Agreement.

13. Survival

This Subscription Agreement, including without limitation the representations, warranties and covenants contained herein, including in the Accredited Investor Certificate, shall survive and continue in full force and effect and be binding upon the Company and the Subscriber, notwithstanding the completion of the purchase of the Purchased Shares by the Subscriber pursuant hereto, or the subsequent disposition of the Purchased Shares by the Subscriber.

14. Assignment

This Subscription Agreement is not transferable or assignable by the parties hereto.

15. Fax Indemnity

The Subscriber hereby acknowledges that where any subscription agreement, retraction request, transfer request or other document (a "**Document**") is sent to the Manager by way of facsimile the fact that a transmission report produced by the originator of such transmission discloses that the transmission was sent will not be sufficient proof of receipt by the Manager. The Manager will not be liable for any loss arising as a result of acting or failing to act on the basis of any Document sent by facsimile. The Subscriber agrees to indemnify the Manager from and against any and all actions, losses, costs, charges, expenses and demands of any and every kind which may at any time hereafter be incurred by the Manager in consequence of accepting and acting upon or failing to act upon any Document sent as aforesaid.

16. Delivery of Materials

The Administrator will deliver to Subscribers any circulars, notices of meetings, reports, financial statements and other written material by its then current delivery method, which may entail either physical or electronic delivery, the latter

which may include delivery by email and/or making them available on a website to which Subscribers will have access, upon agreement by each Subscriber with the terms and conditions applying to the use of such website.

17. Provision of Identification Information to Third Parties

In order to enable it to perform the anti-money laundering checks in relation to the Subscribers as required by applicable law, the Administrator may be required to disclose identification information in relation to such Subscribers to a third party service provider of web-based anti-money laundering identity verification and search applications, which applications are commonly used as a component of anti-money laundering compliance programs.

18. Entire Agreement

This Subscription Agreement contains the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein or therein. This Subscription Agreement including the Schedule may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together will be deemed to constitute one and the same document.

19. Counterparts

This Subscription Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together will be deemed to constitute one and the same document.

20. Time of Essence

Time shall be of the essence in this Subscription Agreement.

21. Interpretation

The headings contained herein are for convenience only and shall not affect the meaning or interpretation of this Subscription Agreement. References in this Subscription Agreement and the Schedule to "\$" or "C\$" are to Canadian dollars.

22. Language of Documents

The parties hereto confirm their express wish that this Subscription Agreement and all documents and agreements directly or indirectly relating thereto be drawn up in the English language. *Les parties reconnaissent leur volonté expresse que la présente convention de souscription ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.*

SCHEDULE “A”
STATEMENT OF POLICIES REGARDING SECURITIES OF RELATED
AND CONNECTED ISSUERS AND RELATED REGISTRANTS

National Instrument 31-103 *Registration Requirements and Exemptions* (“NI 31-103”) requires registered firms to identify and respond to existing material conflicts of interest and material conflicts of interest that can reasonably be expected to arise between the registered firm and its client. Potentially, a conflict of interest arises under either of the following situations: (i) a registered firm trades in or advises with respect to its own securities or securities in certain other issuers to which it, or certain other parties related to it, are related or connected; and (ii) a registered firm has a director, officer or principal shareholder that is a director, officer or principal shareholder of another registrant.

Statement of Policies Concerning Related and Connected Issuers

CGS Asset Management Ltd. (“**CGS**”) is registered as an adviser under the *Securities Act* (Ontario) and under the *Securities Act* (Alberta) in the category of portfolio manager.

In performing its services, CGS may from time to time advise on or trade in securities of one of its related, connected or associated issuers. The investment funds managed by CGS may invest in entities related to CGS or purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director.

“**connected issuer**” means, in respect of CGS, an issuer that has, or any related issuer of which has, any indebtedness to, or other relationship with, (i) CGS, (ii) related issuer of CGS, (iii) director, officer or partner of CGS or (iv) director, officer or partner of a related issuer of CGS, that, in connection with a distribution of securities of the issuer, is material to a prospective purchaser of the securities. Accordingly, an issuer is “connected” to CGS if, due to indebtedness or other relationships, a prospective purchaser of securities of the connected issuer might question CGS independence from the issuer.

“**related issuer**” means, in respect of CGS, an issuer of securities over which CGS exercises a controlling influence (for example, through the ownership of, or direction or control over voting securities) or an issuer of securities that exercises a controlling influence over CGS. In this context, the term “influence” means having the power, directly or indirectly, to exercise a controlling influence over the management and policies of the company, whether alone or in combination with one or more other persons or companies.

“**responsible person**” means, for a registered adviser, (a) the adviser, (b) a partner, director or officer of the adviser, and (c) each of the following who has access to, or participates in formulating, an investment decision made on behalf of a client of the adviser or advice to be given to a client of the adviser: (i) an employee or agent of the adviser; (ii) an affiliate of the adviser; and (iii) a partner, director, officer, employee or agent of an affiliate of the adviser.

The following is a list of CGS’s related issuers:

CGS Resource Fund Ltd.

In carrying on business as an adviser in Alberta and Ontario, CGS may:

- (a) with the written consent of the client, cause an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director;
- (b) with the written consent of the client, exercise discretionary authority to buy or sell securities of CGS or other related or connected issuers (this consent will be obtained once during every 12 month period);

(c) make recommendations in respect of securities of CGS Resource Fund Ltd. or other related or connected issuers; and

(d) sell securities issued by CGS Resource Fund Ltd. and other investment funds managed by CGS or its affiliates.

In addition, CGS or other related parties may act as principal or agent in respect of securities purchased or sold by or to clients of CGS.