

REPRESENTATION LETTER

(Common Shares)

TO: North 40 Resources Ltd. (the "Corporation")

1. The undersigned (the "**Transferee**") represents, warrants and covenants (on its own behalf and, if applicable, on behalf of each person on whose behalf the Transferee is contracting hereunder) to the Corporation and its counsel (and acknowledges that the Corporation and its counsel, are relying thereon) that both at the date hereof and at the Closing Time (as defined herein) that:
 - (a) it has been independently advised as to restrictions with respect to trading in the common shares ("**Common Shares**") of the Corporation imposed by applicable securities legislation in the jurisdiction in which it resides, it confirms that no representation has been made to it by or on behalf of the Corporation with respect thereto, it acknowledges that it is aware of the characteristics of the Common Shares, the risks relating to an investment therein and of the fact that it may not be able to resell the Common Shares except in accordance with limited exemptions under applicable securities legislation and regulatory policy until expiry of the applicable "hold period" and compliance with the other requirements of applicable law; and **it agrees that the certificates representing the Common Shares will bear a legend indicating that the resale of such securities is restricted and it further acknowledges that it should consult its own legal counsel in its jurisdiction of residence for full particulars of applicable resale restrictions;** and
 - (b) the Corporation is not a "reporting issuer" (or equivalent thereof) in any jurisdiction, that the Common Shares are subject to an indefinite restriction on resale (i.e., a "hold period") under applicable securities laws and that it will not be able to resell any of the Common Shares until expiration of the applicable hold period (which hold period will not commence to run until the Corporation has become a "reporting issuer" in a jurisdiction of Canada (which the Corporation has no obligation to become)) other than in accordance with limited exemptions under applicable securities legislation and regulatory policy; and
 - (c) it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum (as such term is defined in applicable securities legislation), any prospectus, sales or advertising literature, or any other document describing or purporting to describe the business and affairs of the Corporation which has been prepared for delivery to, and review by, it in order to assist it in making an investment decision in respect of the Common Shares and that the decision to purchase the Common Shares has not been based upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation; and
 - (d) it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display such as the Internet) with respect to the distribution of the Common Shares; and
 - (e) unless it is purchasing under subparagraph 1(f), it is purchasing the Common Shares as principal (including, if applicable, as a deemed principal pursuant to National Instrument 45-106 – "*Prospectus and Registration Exemptions*" ("**NI 45-106**") of the Canadian Securities Administrators) for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Common Shares, it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Mailing Address of the Transferee" below and it is an "**accredited investor**", as such term is defined in National Instrument 45-106 - Prospectus Exemptions ("**NI 45-106**") of the Canadian Securities Administrators, it was not created and is not being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "**accredited investor**" in NI 45-106 and has concurrently executed and delivered a Representation Letter in the form

attached to this Subscription Agreement as **Exhibit 1** and specifically represents and warrants that one or more of the categories set forth in **Appendix A** attached to the Representation Letter correctly, and in all respects, describes the Subscriber, and will describe the Subscriber as at the Closing Date, and the Subscriber has so indicated by initialling or placing a check mark next to the category in such **Appendix A** which so describes the Subscriber and, if the Subscriber is an individual (unless investing under category j.1 of "**accredited investor**" set forth in **Appendix A** to **Exhibit 1**), has completed **Exhibit 2** hereto; and

- (f) if it is not purchasing the Common Shares as a principal (or as a deemed principal pursuant to NI 45-106) under subparagraph 1(e) hereof, it is duly authorized to enter into this Representation Letter and to execute and deliver all documentation in connection with the purchase on behalf of each beneficial purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Common Shares, it acknowledges that the Corporation is required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Common Shares for whom it may be acting, it and each beneficial purchaser is resident in the jurisdiction set out as the "Mailing Address of the Transferee" below, and each beneficial purchaser complies with subparagraph 1(e) hereof by virtue of its place of residence or by virtue of the securities laws of such place being applicable to the Transferee; and
- (g) if it is a resident of or otherwise subject to applicable securities laws of **any jurisdiction referred to in the preceding paragraphs 1(e) or 1(f)** but not purchasing thereunder, it is purchasing pursuant to an exemption from prospectus and registration requirements (particulars of which are enclosed herewith) available to it under applicable securities legislation and shall deliver to the Corporation such further particulars of the exemption(s) and the Transferee's qualifications thereunder as the Corporation or its counsel may request; and
- (h) if it is a resident of or otherwise subject to applicable securities laws of **any jurisdiction not referred to in the preceding paragraphs 1(e) or 1(f)** it, or any beneficial purchaser for whom it is acting, complies with paragraph 1(e) hereof as if it was a resident in or otherwise subject to applicable securities laws of a Province of Canada, has concurrently executed and delivered an Accredited Investor Representation Letter in the form attached as **Exhibit 1** to this Representation Letter and has initialed in **Appendix "A"** thereto indicating that the Transferee satisfies one of the categories of "accredited investor" set forth in such definition and complies with the requirements of all applicable securities legislation in the jurisdiction of its residence and will provide such evidence of compliance with all such matters as the Corporation or its counsel may request including, but not limited to, that the issuance of the Common Shares to the Transferee complies with all applicable laws of the Transferee's jurisdiction of residence and domicile and will not cause the Corporation or any of its officers or directors to become subject to or require any disclosure, prospectus or other reporting requirements; and
- (i) it is aware that the Common Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended ("**U.S. Securities Act**") or the securities laws of any state of the United States and that these securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the applicable laws of all applicable states and acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Common Shares; and
- (j) the Common Shares have not been offered to the Transferee in the United States, and the individuals making the order to purchase the Common Shares and executing and delivering this Representation Letter on behalf of the Transferee were not in the United States when the order was placed and this Representation Letter was executed and delivered; and
- (k) it undertakes and agrees that it will not offer or sell the Common Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further that it will not resell the Common Shares, except in accordance with the

provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules; and

- (l) it has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment and is able to bear the economic risk of loss of its investments or, where it is not purchasing as principal, each beneficial purchaser is able to bear the economic risk of loss of its investment; and
- (m) it has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation; and
- (n) it is aware that there is no market and may never be a market for the Common Shares and that none is expected to develop, and acknowledges and confirms that no verbal or written representation has been made to it with respect to the future value or price of the Common Shares, that any person will resell or repurchase the Common Shares, that any person will refund the purchase price of the Common Shares or that the Common Shares will be listed on any stock exchange or that application has been or will be made for such listing; and
- (o) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Transferee will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the acquisition of the Common Shares, including, without limitation: (i) an Accredited Investor Representation Letter in the form attached as **Exhibit 1**; and (ii) such other reports, undertakings and other documents as the Corporation may request; and
- (p) it has not been created solely or primarily to use exemptions from the registration and prospectus requirements under applicable securities laws and has a pre-existing purpose other than the use of such exemptions; and
- (q) it will not resell the Common Shares except in accordance with the provisions of applicable securities legislation and stock exchange rules, if applicable, in the future; and
- (r) it acknowledges that it has been encouraged to obtain independent legal, income tax and investment advice with respect to its acquisition of the Common Shares and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Transferee for purposes of giving representations, warranties and covenants under this Representation Letter; and
- (s) it has been independently advised as to or acknowledges that it is aware of the potential tax consequences to the Transferee with respect to the acquisition of the Common Shares, and confirms that no representation has been made to it by or on behalf of the Corporation with respect thereto.

For greater certainty, the parties acknowledge and agree that whenever used above in this paragraph 1 in relation to representations, warranties and covenants, the words "it" and "its" include the Transferee and, if applicable, each beneficial purchaser for whom the Transferee is contracting.

2. The Transferee agrees (on its own behalf and, if applicable, on behalf of each person or whose behalf the Transferee is contracting) that the representations, warranties and covenants of the Transferee (and, if applicable, each person for whom it is contracting) herein will be true and correct both as of the execution of this Representation Letter and as of the time of the Transferee's acquisition of the Common Shares. The representations, warranties and covenants of the Transferee herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Common Shares and the Transferee agrees to indemnify and hold harmless the Corporation and its affiliates, shareholders, directors, officers, partners, employees and agents, from and against all losses, claims, costs, expenses and damages or liabilities whatsoever which any of them may suffer or incur which are caused or arise from a breach thereof. The Transferee undertakes to immediately notify the Corporation at 700, 215 - 9 Avenue SW, Calgary, AB T2P 1K3, Attention: Vice President, Finance and Chief Financial Officer at (403) 974-6817 of any change in any statement or other information relating to the Transferee set forth herein which takes place prior to the Transferee's acquisition of the Common Shares.

3. The Transferee acknowledges that this Representation Letter and **Exhibit 1** hereto require the Transferee to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the transfer of the Common Shares, which includes, without limitation, determining the Transferee's eligibility to purchase the Common Shares under applicable securities legislation, preparing and registering certificates representing Common Shares to be issued to the Transferee and completing filings required by any stock exchange or securities regulatory authority. The Transferee's (and, if applicable, each person's for whom the Transferee is contracting) personal information may be disclosed by the Corporation to: (a) stock exchanges or securities regulatory authorities; (b) the Corporation's registrar and transfer agent; (c) Canada Revenue Agency; and (d) any of the other parties involved in the transaction, including legal counsel, and may be included in record books in connection with the transaction. By executing this Representation Letter, the Transferee (on its own behalf and, if applicable, on behalf of each person for whom it is contracting) is deemed to be consenting to the foregoing collection, use and disclosure of the Transferee's personal information. The Transferee also consents to the filing of copies or originals of this Representation Letter and **Exhibit 1** hereto or any of the Transferee's documents as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transaction contemplated hereby.

DATED at _____, in the Province of _____ this _____ day of _____, 20____.

(Witness to Signature)

(Signature of Transferee)

(Name of Transferee – Please Print)

(Name of Witness – Please Print)

(Mailing Address of Transferee)

(City, Province/State, Postal Code/ZIP)

Res: _____ Bus: _____
(Telephone)

Facsimile No.: _____

Social Insurance No./Taxation Account of Transferee:

EXHIBIT 1

ACCREDITED INVESTOR REPRESENTATION LETTER

TO: NORTH 40 RESOURCES LTD. (the "Corporation")

In connection with the acquisition of common shares (the "**Common Shares**") of the Corporation by the undersigned or if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "**Subscriber**" for the purposes of this Exhibit 1), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation (and acknowledges that the Corporation and its counsel are entitled to rely thereon) that:

1. The Subscriber is purchasing the Common Shares as principal for its own account or complies with the provisions of Section 1(h) of the Representation Agreement;
2. The Subscriber is and will be at the Closing Time (as defined in the Subscription Agreement) an "accredited investor" within the meaning of National Instrument 45-106 - *Prospectus Exemptions* ("**NI 45-106**") or Section 73.3 of the *Securities Act* (Ontario) by virtue of satisfying the indicated criterion as set out in **Appendix A** to this Representation Letter;
3. The Subscriber fully understands the meaning of the terms and conditions of the category of "accredited investor" applicable to it and confirms that it has reviewed and understands the definitions in **Appendix A** to this Representation Letter in respect of the category of "accredited investor" applicable to it and, in particular, if the Subscriber is an "accredited investor" by virtue of satisfying paragraph (j), (j.1), (k) or (l) of **Appendix A** to this Representation Letter, it has reviewed and understands the definitions of "financial assets", "related liabilities" and "net assets", as applicable, contained in **Appendix A** hereto;
4. The Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106 or Section 73.3 of the *Securities Act* (Ontario) (paragraph (m) of **Appendix A** hereto);
5. Upon execution of this **Exhibit 1** by the Subscriber, this **Exhibit 1** shall be incorporated into and form a part of the Representation Letter and the Corporation and its counsel shall be entitled to rely thereon.

Dated: _____, 20__

By: _____
Signature

Title

**APPENDIX A
TO EXHIBIT 1**

***IMPORTANT: PLEASE INITIAL THE APPLICABLE PROVISION IN
APPENDIX A ON THE NEXT PAGES***

NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.

In connection with the purchase of common shares by the Subscriber, the Subscriber (or the signatory on behalf of the Subscriber) certifies for the benefit of the Corporation and the Agents that the Subscriber is an "accredited investor" within the meaning of National Instrument 45-106 – *Prospectus Exemptions* or Section 73.3 of the *Securities Act* (Ontario) in the category indicated below:

- _____ (a)
- (i) except in Ontario, a Canadian financial institution, or a Schedule III bank;
 - (ii) (ii) in Ontario, a financial institution described in section 73.1(1) of the *Securities Act* (Ontario) as described below;
- _____ (b)
- (i) except in Ontario, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
 - (ii) in Ontario, the Business Development Bank of Canada;
- _____ (c)
- (i) except in Ontario, a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
 - (ii) in Ontario, a subsidiary of any person or company referred to in paragraphs (a) or (b), 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;
- _____ (d)
- (i) except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
 - (ii) in Ontario, a person or company registered under the securities legislation of a province or territory in Canada as an adviser or dealer, except as otherwise prescribed by the regulations;
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- _____ (f)
- (i) except in Ontario, the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
 - (ii) in Ontario, the Government of Canada, the government of a province or territory of Canada, or any Crown corporation, agency or wholly owned entity of the Government of

Canada or the government of a province or territory of Canada;

- _____ (g)
 - (i) except in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
 - (ii) (ii) in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- _____ (h)
 - (i) except in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
 - (ii) (ii) in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- _____ (i)
 - (i) except in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
 - (ii) in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada;
- _____ (j) 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;

*[Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of "financial assets" below. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of "related liabilities" below. In the case where financial assets are held in a trust or in another type of investment vehicle for the benefit of an individual there may be questions as to whether the individual beneficially owns the financial assets. The following factors are indicative of beneficial ownership of financial assets: (i) physical or constructive possession of evidence of ownership of the financial asset; (ii) entitlement to receipt of any income generated by the financial asset; (iii) risk of loss of the value of the financial asset; and (iv) the ability to dispose of the financial asset or otherwise deal with it as you see fit. For example, securities held in a self-directed RRSP, for your sole benefit, are beneficially owned by you. In general, financial assets in a spousal RRSP would also be included for the purposes of the financial assets test in this paragraph (j); however, financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you. If you meet the higher financial asset threshold set out in paragraph (j.1) as an individual exclusive of your spouse, then initial paragraph (j.1) instead of this paragraph (j). If relying on this paragraph (j), you must deliver a completed **Exhibit 2**.]*

Please provide the following information to the best of your knowledge based on the most recent information available to you:

Aggregate realizable value of financial assets before taxes \$ - _____

Related liabilities \$ - _____

- (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;

*[Note: See the definition of "financial assets" below and the guidance in paragraph (j) above. The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1). If relying on this paragraph (j.1), you are not required to complete **Exhibit 2**.]*

Please provide the following information to the best of your knowledge based on the most recent

information available to you:

Aggregate realizable value of financial assets before taxes \$- _____

Related liabilities \$ - _____

- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

[Note: If relying on this paragraph (k), you must deliver a completed **Exhibit 2.**]

Please provide the following information (based on your two most recent notices of assessment from the Canada Revenue Agency or equivalent):

Net income before taxes	Last year	Range - > \$100,000 <input type="checkbox"/> State Amount: \$ _____
		Range - \$100,000-200,000 <input type="checkbox"/>
		Range - \$201,000-300,000 <input type="checkbox"/>
		Range - \$301,000-400,000 <input type="checkbox"/>
		Range - Greater than \$401,000 <input type="checkbox"/>

Year prior to last year	Range - > \$100,000 <input type="checkbox"/> State Amount: \$ _____
	Range - \$100,000-200,000 <input type="checkbox"/>
	Range - \$201,000-300,000 <input type="checkbox"/>
	Range - \$301,000-400,000 <input type="checkbox"/>
	Range - Greater than \$401,000 <input type="checkbox"/>

<u>If applicable</u> , net income before taxes of your spouse	Last year	Range - > \$100,000 <input type="checkbox"/> State Amount: \$ _____
		Range - \$100,000-300,000 <input type="checkbox"/>
		Range - \$301,000-400,000 <input type="checkbox"/>
		Range - \$401,000-500,000 <input type="checkbox"/>
		Range - Greater than \$501,000 + <input type="checkbox"/>

Year prior to last year	Range - > \$100,000 <input type="checkbox"/> State Amount: \$ _____
	Range - \$100,000-300,000 <input type="checkbox"/>
	Range - \$301,000-400,000 <input type="checkbox"/>
	Range - \$401,000-500,000 <input type="checkbox"/>
	Range - Greater than \$501,000 + <input type="checkbox"/>

- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;

[Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of these securities. If relying on this paragraph (l), you must deliver a completed **Exhibit 2.**]

Please provide the following information by subtracting your total liabilities from your total assets (for example, the value your personal residence minus the related liabilities, such as a mortgage) and note that the value attributed to assets should reasonably reflect their estimated fair value and income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution:

Total Assets	\$ - _____
Minus - Total Liabilities (including outstanding taxes)	\$ - _____
Equals = Net Assets	\$ - _____

[Note: If individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under either sections (t) or (w) below, which must be initialed and the applicable information indicated completed.]

- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
- _____ (n) an investment fund that distributes or has distributed its securities only to
 - (i) a person that is or was an accredited investor at the time of the distribution,
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 and 2.19 of National Instrument 45-106, or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106;
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;

- _____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;

[Note: If you initialed (t), then indicate the name and category of accredited investor (by reference to the applicable letter above) of each of the owners of interests (attach additional pages if more than three):

<u>Name</u>	<u>Category of Accredited Investor</u>
_____	_____
_____	_____
_____	_____

- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;

- _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or

- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

[Note: If you initialed (w), then indicate the name and category of accredited investor (by reference to the applicable letter above) of each of the following (attach additional pages if more than three trustees):

	<u>Name</u>	<u>Category of Accredited Investor</u>
Individual who established trust:	_____	_____
Trustee	_____	_____
Trustee	_____	_____
Trustee	_____	_____

For the purposes hereof:

- (a) **"affiliate"** means an issuer connected with another issuer because
 - (i) one of them is the subsidiary of the other;
 - (ii) each of them is controlled by the same person; or
 - (iii) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer;
- (b) **"bank"** means a bank named in Schedule 1 or II of the *Bank Act* (Canada);

- (c) **"Canadian financial institution"** means
- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (d) **"consultant"** means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that
- (i) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution;
 - (ii) provides the services under a written contract with the issuer or a related entity of the issuer; and
 - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;
- (e) **"control person"** has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Québec where control person means any person that holds or is one of a combination of persons that holds
- (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
 - (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;
- (f) **"director"** means
- (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
 - (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
- (g) **"eligibility adviser"** means
- (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
 - (ii) in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not
 - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and
 - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or

been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

- (h) "**executive officer**" means, for an issuer, an individual who is
 - (i) a chair, vice-chair or president,
 - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
 - (iii) performing a policy-making function in respect of the issuer;
- (i) "**financial assets**" means
 - (i) cash,
 - (ii) securities, or
 - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (j) "**financial institution**" described in section 73.1(1) of the *Securities Act* (Ontario) means:
 - (i) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);
 - (ii) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act; or
 - (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, a caisse populaire, financial services cooperative or credit union league or federation that is authorized by a status of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;
- (k) "**foreign jurisdiction**" means a country other than Canada or a political subdivision of a country other than Canada;
- (l) "**founder**" means, in respect of an issuer, a person who,
 - (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
 - (ii) at the time of the trade is actively involved in the business of the issuer;
- (m) "**fully managed account**" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (n) "**investment fund**" means a mutual fund or a non-redeemable investment fund, and for greater certainty in British Columbia, includes:
 - (i) an employee venture capital corporation that does not have restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia) and whose business objective is making multiple investments, and
 - (ii) a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia) whose business objective is making multiple investments;
- (o) "**jurisdiction**" means a province or territory of Canada except when used in the term foreign jurisdiction;
- (p) "**local jurisdiction**" means the jurisdiction in which the Canadian securities regulatory authority is situate;
- (q) "**net assets**" means a person's total assets minus all of the person's total liabilities. Accordingly, for the purposes of the net asset test, the calculation of total assets would include the value of the

person's personal residence and the calculation of total liabilities would include the amount of any liability (such as a mortgage) in respect of the person's personal residence;

- (r) **"non-redeemable investment fund"** means an issuer,
 - (i) whose primary purpose is to invest money provided by its securityholders,
 - (ii) that does not invest,
 - (A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
 - (iii) that is not a mutual fund;
- (s) **"permitted assign"** means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,
 - (i) a trustee, custodian or administrator acting on behalf of, or for the benefit of the person,
 - (ii) a holding entity of the person,
 - (iii) a RRSP, RRIF, or TFSA of the person,
 - (iv) a spouse of the person,
 - (v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,
 - (vi) a holding entity of the spouse of the person, or
 - (vii) a RRSP, RRIF, or TFSA of the spouse of the person;
- (t) **"person"** includes
 - (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized groups of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (u) **"Registrant"** means a person registered or required to be registered under applicable securities legislation;
- (v) **"regulator"** means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction;
- (w) **"related entity"** means for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;
- (x) **"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;
- (y) **"RRIF"** means a registered retirement income fund as defined in the *Income Tax Act* (Canada);
- (z) **"RRSP"** means a registered retirement savings plan as defined in the *Income Tax Act* (Canada);

- (aa) "**Schedule III bank**" means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (bb) "**spouse**" means, an individual who,
 - (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
 - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);
- (cc) "**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary; and
- (dd) "**TFSA**" means a tax-free savings account as described in the *Income Tax Act* (Canada).

All monetary references are in Canadian dollars.

EXHIBIT 2

FORM 45-106F9

FORM FOR INDIVIDUAL ACCREDITED INVESTORS

To be completed by individuals investing under categories (j), (k) or (l) of the definition of "accredited investor" in National Instrument 45-106 – Prospectus Exemptions or Section 73.3 of the Securities Act (Ontario), which are reproduced in Appendix A to Exhibit 1 as paragraphs (j), (k) or (l), as applicable. Note that individuals investing under category (j.1) of the definition of "accredited investor" in National Instrument 45-106 – Prospectus Exemptions or Section 73.3 of the Securities Act (Ontario) do not need to complete this form.

WARNING!
This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment

SECTION 1 TO BE COMPLETED BY THE ISSUER	
1. About your investment	
Type of securities:	Issuer: NORTH 40 RESOURCES LTD.
Purchased from:	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement <i>[Instruction: initial all boxes in Section 2]</i>	
This investment is risky. <i>Initial that you understand that:</i>	Your initials
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheregistered.ca .	
3. Accredited investor status <i>[Instruction: initial one or more boxes that apply]</i>	
You must meet at least one of the following criteria to be able to make this investment. <i>Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.</i>	Your initials
<ul style="list-style-type: none"> • Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.) 	

<ul style="list-style-type: none"> Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) 	
4. Your name and signature	
<i>By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.</i>	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER	
6. For more information about this investment	
North 40 Resources Ltd. 700, 215 - 9 Avenue SW Calgary AB T2P 1K3 Attention: Kim Schoenroth Tel: (403) 974-6817 Email: kschoenroth@north40resources.com	
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.	

Form instructions:

- The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
- The purchaser must sign this form. Each of the purchaser and the issuer must receive a copy of this form signed by the purchaser. The issuer is required to keep a copy of this form for 8 years after the distribution.